



Daily Report

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General

Commentary on Upcoming Soviet-U.S. Summit
OW2505204488 Beijing XINHUA Domestic Service
in Chinese 0533 GMT 25 May 88

[Commentary: "The Fourth Soviet-U.S. Summit in Perspective" by reporter Wang Chongjie]

[Text] Beijing, 25 May (XINHUA)—Whether Washington and Moscow can truly turn onto the right track of disarmament and ease world tensions, or continue to persist in the logic of the arms race and global confrontation remains the fundamental issue of the upcoming Soviet-U.S. summit.

Gorbachev, general secretary of the CPSU Central Committee, and U.S. President Reagan are scheduled to hold their fourth meeting in 4 years in Moscow from 29 May to 2 June to continue discussions on arms reduction, regional conflicts, bilateral relations, and human rights.

Before this meeting, last December's signing of the Soviet-U.S. treaty to eliminate intermediate-range nuclear forces (INF) and medium and short-range missiles; and the agreement, which is already in force, among parties concerned for withdrawal of all Soviet troops from Afghanistan, constitute a sound beginning for promoting disarmament and finding political solutions to regional conflicts. However, the large number of INF missiles deployed by the Soviet Union and the United States remain yet to be dismantled completely, and a final solution to the Afghan problem is still far away. If one looks at the overall situation of disarmament and easing of international tensions, one sees innumerable other world issues that are crying out for urgent solutions. Will the Soviet Union and the United States march forward or backward? Will they maintain their status quo positions? These questions will put the two superpowers to a test again at the Moscow summit.

However, judging from the relevant situations so far, one may say that it becomes clear that leaders of the two countries are already unable to fulfill their projected chief objective at the Moscow summit; namely, the signing of a treaty to halve their offensive strategic weapons.

People will remember that, in a joint statement issued after the Washington summit in December last year, Reagan and Gorbachev stressed their agreement to have their respective negotiators in Geneva "strive to work out as soon as possible the offensive strategic weapons reduction treaty and all relevant documents" for the two leaders to sign during their meeting in Moscow. But no real progress has been made over the past half year despite frequent meetings of Soviet-U.S. negotiators in Geneva and four rounds of tense talks between U.S. Secretary of State Shultz and Soviet Foreign Minister Shevardnadze. The arguments of both sides show that the two are still, at rock bottom, trying to take advantage

of each other. While Washington is eager to cut a larger portion of land-based ballistic missiles, in which the Soviet Union is superior, Moscow wants to do the same with the U.S. dominance in submarine-launched missiles and strategic bomber-carried cruise missiles. The United States insists on developing the Strategic Defense Initiative to press Moscow for concessions in offensive strategic weapons reduction and in other issues. The Soviet Union, on the other hand, tries to use strategic arms reduction as a bargaining chip to hinder the United States from developing space weapons. There is little change to the stands taken by both sides half a year ago on these related issues.

Regarding regional conflicts, due to direct and indirect superpower meddling over the past years, efforts to remove numerous "hot spots" in the world fail to produce speedy solutions, and the two superpowers have found themselves shouldering heavy burdens throughout the world. U.S. interference in the Middle East and Latin American affairs has precipitated the Reagan administration's "Irangate" crisis for a period of time; and President Reagan himself has just barely survived through the difficulty. Sending troops to Afghanistan was the most conspicuous demonstration of "arrogant hegemonism and great-nation chauvinism" by former Soviet leader Brezhnev when he was in power. After having tasted to the full the bitter fruit of invasion into Afghanistan, the Soviet Union finally decides to extricate itself.

Recently, Soviet and U.S. officials have held frequent talks about solutions to regional conflicts without yet obtaining concrete results. Reagan and Gorbachev will continue to discuss these issues in Moscow. Leaders of the two countries often claim that the Soviet Union and the United States bear "special responsibilities" for world affairs. But, in the eyes of the world, their "special responsibilities" lie in truly ending their rivalry and actively promoting solutions to regional conflicts on the basis of respect for national independence, state sovereignty, and non-interference in the internal affairs of other countries.

Due to the restrictions imposed by various factors, it seems that it will be difficult for the Soviet Union and the United States to rapidly develop their bilateral relations in economy, trade, science and technology, and culture in the near term.

The intense arms race and global confrontation between the Soviet Union and the United States not only pose a serious threat to world peace and security, but also imperil the social and economic development of the two superpowers themselves. It requires the two of them to conscientiously make a choice. It is undeniable that a number of technical difficulties, indeed, exist in the efforts to conclude a strategic arms reduction treaty with reliable verification measures and sign agreements on

other drastic arms cuts. Yet, the decisive factor lies in whether the two sides have the sincerity and determination to quicken the disarmament process.

The people of the world long for peace and development. This is the mainstream of the times at present. People hope that Soviet and U.S. leaders will be able to conform to the trend of the world, continue to find ways for disarmament and detente while in Moscow, and effectively adopt measures helpful for world peace and security.

Deng Xiaoping Welcomes More Foreign Investment
OW2405091088 Beijing XINHUA in English
0825 GMT 24 May 88

[Text] Beijing, May 24 (XINHUA)—Chinese leader Deng Xiaoping said here today he welcomes more foreign entrepreneurs and bankers to invest in China and transfer more advanced technology.

"Suggestions are welcome too, because they are also a kind of assistance," he said.

Speaking at a meeting with a delegation from the International Advisory Committee of the Chase Manhattan Bank of the United States, Deng said that China is not opposed to the continuous development of developed countries but their continuous development should not be based on the continuous impoverishment of developing countries.

He suggested the Chase International Advisory Committee should conduct research on the development in the light of the progress of mankind as a whole.

David Rockefeller, former chairman of the Chase Manhattan Bank, said the committee will have an in-depth research on the topic. He said he had good discussions with Rong Yiren, chairman of the China International Trust and Investment Corporation, and officials of Chinese economic departments.

Members of the Chase International advisory committee are here attending the 1988 meeting. They come from 15 countries, including David Rockefeller, Willard C. Butcher, chairman of the board, Henry A. Kissinger, former U.S. secretary of state, Giovanni Agnelli, chairman of Fiat S.P.A. of Italy, and Jehangir R.D. Tata, chairman of Tata Sons, Ltd. of India.

At the meeting, Deng Xiaoping said when China is devoting its efforts to reforms and opening to the outside world, so many renowned entrepreneurs and bankers are gathered here. This shows they are concerned about China's policy of reforms and opening to the outside world and its economic development.

Referring to China's domestic situation, Deng said what China is doing is a pioneering undertaking, which will not be plain sailing but have risks. "I often encourage my comrades to be bolder. China's future lies in deepening its reform and opening itself wider to the outside world," he added.

"To act boldly, mistakes are hardly avoidable. People should be allowed to make mistakes. Once mistakes are made, we should correct them promptly so as to prevent the minor mistakes from growing into major ones," Deng said.

"By saying mistakes are unavoidable under such complicated circumstances, I mean we should be bolder," he added.

"We have confidence in the future of China. At the same time, we are aware that we should be more modest and prudent. Because it's no easy job to achieve our objectives," he said.

On the prospects for China's reform and opening to the outside world, Deng said, "we have to pass a few barriers, of which the principal one is straightening out the prices."

"We used to keep prices down with state subsidies. Now, we have started to pass the first barrier. After this one, there are other barriers for us to pass. This is the highest risk," Deng noted.

The prices barrier could not be bypassed, he said.

If China fails to straighten out the prices in the remaining dozen years of this century, Deng said, it will be difficult for the country to attain its objectives in the next century.

"We should now advance against difficulties head-on, and guarantee the continuity of our policies and development," Deng said.

XINHUA Interviews UN Deputy Chief
OW2505045988 Beijing XINHUA in English
0549 GMT 24 May 88

[Text] United Nations, May 23 (XINHUA)—UN Deputy Chief Yasushi Akashi says he expects that the two superpowers might be able to reach only an outline of an agreement on 50-percent cuts in strategic nuclear weapons in next week's Moscow summit.

In a recent interview with XINHUA, UN Undersecretary General Akashi said he hoped that U.S. President Ronald Reagan and Soviet leader Mikhail Gorbachev "can reach important and positive agreements in the field of disarmament" at their May 29-June 2 summit.

However, he said, "I have been told by officials of both governments that there are some important differences in views, for example, in the sea-launched cruise missiles. Furthermore, verification is a very, very complicated subject."

"So, it would seem that the 2 leaders might be able to reach at best an outline of such a 50-percent cut, but not the details," Akashi said.

Nevertheless, Akashi noted, "on the basis of the INF treaty, on the basis of (the) Afghanistan (agreement), the atmosphere of the relations between the two superpowers is conducive to other agreements."

United States & Canada

RENMIN RIBAO on U.S.-Panama Relations
HK2605104688 Beijing RENMIN RIBAO in Chinese
24 May 88 p 6

[Roundup by Reporter Zhang Yunwen (1728 0336 2429): "Why Washington Gives Way to Noriega"]

[Text] On the evening of 20 May, U.S. negotiator Kozak rushed back to Washington from Panama to report to the White House on the conditions of the negotiations with Panama, and to discuss plans for next step. The negotiations between the United States and Panama have lasted 3 weeks. The state of the negotiations was kept secret, but there were also some revelations about them from time to time. Reports about the negotiations were conflicting. Sometimes, it was said that an agreement had been reached, at other times that the talks had broken down. It seems that both sides are still bargaining back and forth. "The possibility of making a deal or breaking down is 50-50."

On 12 May it was reported that in order to break the stalemate and force Noriega to step down as soon as possible, the U.S. Government made the following new concessions:

—Noriega should resign on 12 August, the 6th anniversary of when he assumed the post of Panama's defense chief, and leave Panama for 10 months until Panama's general election in May 1989.

—Panamanian President Parra, whom the United States refuses to recognize, can continue to remain in office until the general election.

—As an exchange term, the United States will cancel the drug-trafficking indictment against Noriega, and lift economic sanctions and release bank assets frozen against Panama.

In the past few days American news media revealed that the new proposal also agreed that Noriega has the right to appoint his successor and can return to Panama for a short time for holidays.

After the main points of the White House's new proposal were revealed, they immediately evoked strong opposition. Those who aired their opposition included famous congressmen from both parties, Attorney General Meese, Secretary of the Treasury Baker, Republican Senate Leader Dole, and some senior White House advisers. Even Vice President Bush also expressed his disagreement with some points of the new proposal. Senator Dole said that the White House's plan to give up the drug-trafficking indictment against Noriega was "the wrong message to give a major world drug dealer at the wrong time." The Senate also adopted a resolution opposing the administration's plan to give up the indictment against Noriega.

The new White House proposal directly affected the ongoing presidential election campaign. The Democratic Party's presidential candidate Dukakis continuously attacked the current government on the drug issue, saying that the government did not adopt effective measures to cope with drugs. Vice President Bush, who is the Republican Party's presidential candidate, was directly affected by this. In a recent opinion poll Bush lagged behind Dukakis, and this was related to the drug issue. On 15 May, Bush openly indicated that he did not agree with the White House holding talks with drug dealers, either at home or abroad, but people knew who the drug dealer Bush was referring to. This was the first time that Bush openly indicated differences between himself and President Reagan.

Facing the opposition, Reagan still adhered to his own idea. It seemed that he also had feelings of pain and embarrassment which were difficult to talk about. The crisis in Panama has lasted for 1 year. In order to oust Noriega from power, the Reagan administration has tried every possible means. The economic sanctions almost caused Panama's banking structure to collapse, causing great losses to the pro-American middle class in that country, but Noriega continued to remain in power. Reportedly, the U.S. Department of State even considered such plans as kidnapping Noriega or military intervention. However, these plans were too risky and might bring about endless trouble, so they were not adopted. In these circumstances, the White House could do nothing but repeatedly make concessions to Noriega. The American magazine NEW REPUBLIC says in its latest issue that in the crisis of U.S.-Panamanian relations, the United States has become a "giant who is at his wit's end."

Reagan felt deeply disappointed at the development of events. White House officials acknowledged that the Panama issue may be a political disaster for the White House and for Vice President Bush in his campaign. Therefore, the new proposal by the United States may be an "expedient plan" to break the stalemate in a rather graceful manner. However, the latest information from Panama shows that the United States may not be able to realize this hope. In a recent speech, Noriega termed the negotiations with the United States as "talks," and accused the United States of trying to fight an economic

and psychological war against Panama. He demanded that the United States cease economic sanctions and reduce the number of troops stationed in Panama. He also indicated that he will participate in the whole process of Panama's general election. It seems that even if the United States continues to make concessions to Noriega the crisis still may not be easily terminated.

Li Peng, Reagan Greet Committee Anniversary
OW2405124688 Beijing Domestic Service
in Mandarin 2130 GMT 21 May 88

[Text] This year marks the 15th anniversary of the National Committee for the Promotion of U.S.-Chinese Trade. ZHONGGUO MAOYI CUJIN BAO [Chinese Trade Promotion Journal] on 22 May devoted its entire front page to congratulatory messages from Premier Li Peng and U.S. President Reagan to the committee and a report on it.

In their congratulatory messages, Li Peng and Reagan separately expressed the hope that the National Committee for the Promotion of U.S.-Chinese Trade will play an important role in promoting Sino-U.S. trade and the friendship between the people of the two countries.

Ford Foundation Opens Office in Beijing
OW2605011488 Beijing XINHUA in English
1336 GMT 25 May 88

[Text] Beijing, May 25 (XINHUA)—The Ford Foundation held a reception here today to celebrate the establishment of its office in China.

Yan Jici, vice chairman of China's National People's Congress Standing Committee, was among about 200 guests.

The reception was co-hosted by Edson W. Spencer, chairman of the foundation's board of trustees, and Peter F. Geithner, representative in China.

Geithner told reporters that the new office is responsible for the foundation's activities in China, which currently focus on economics, law and international relations.

Since the foundation started its program in China in 1979, foundation commitments have increased rapidly and are expected to reach 4.5 million U.S. dollars this year, bringing total foundation commitments in China over the past eight years to about 18 million U.S. dollars, he said.

Leaders Meet U.S. Nobel Laureate on Academic Tour

Meets Zhao Ziyang
OW2505040988 Beijing XINHUA in English
1109 GMT 24 May 88

[Text] Beijing, May 24 (XINHUA) — Zhao Ziyang, general secretary of the Chinese Communist Party Central Committee, met Yuan-Tseh Lee, professor of chemistry at the University of California at Berkeley, U.S.A.; and winner of the 1986 Nobel Prize for chemistry, and his wife here today.

Zhou Guangzhao, president of the Chinese Academy of Sciences, was present at the meeting.

Lee arrived May 15 for academic activities and a tour of some places.

Meets Li Tieying
OW2505041388 Beijing XINHUA in English
0641 GMT 24 May 88

[Text] Beijing, May 24 (XINHUA)—Li Tieying, Chinese state councillor and minister in charge of the State Education Commission, met and hosted a luncheon for Yuan-Tseh Lee, professor of chemistry at the University of California at Berkeley, U.S.A., and winner of the 1986 Nobel Prize for chemistry, his wife and their party here today.

Li Tieying Meets U.S. Mathematics Professor
OW2105142488 Beijing XINHUA in English
1005 GMT 21 May 88

[Text] Beijing, May 21 (XINHUA)—Li Tieying, Chinese state councillor and minister in charge of the State Education Commission, met here today with Professor Chia-chao Lin of the U.S. Massachusetts Institute of Technology.

Prof. Lin, also a member of the American Academy of Sciences, is a well-known scholar of mathematics, mechanics and astrophysics and is the founder of the density wave theory in galaxies. He came to China May 1 at the invitation of the Beijing University on a three-month lecture tour. He is cooperating with the university in research of the theory of density wave in galaxies.

Kang Keqing Meets U.S. Women's Group
OW2305173788 Beijing XINHUA in English
0748 GMT 23 May 88

[Text] Beijing, May 23 (XINHUA)—Kang Keqing, vice-chairman of the Chinese People's Political Consultative Conference National Committee and chairman of the Soong Ching Ling Foundation, met here today with wives of members of a delegation from the International Advisory Committee of the U.S. Chase Manhattan Bank.

The 17-woman group, which includes the wife of Willard Butcher, chairman of the board of the bank, and the wife of Henry Kissinger, former U.S. secretary of state, visited the former residence of Soong Ching Ling (Mme Sun Yat-sen) after the meeting.

Zou Jiahua Receives U.S. Visitors

Meets Aviation Delegation

OW2305160188 Beijing XINHUA in English
0817 GMT 23 May 88

[Text] Beijing, May 23 (XINHUA)—Zou Jiahua, China's state councillor and head of the Ministry for Machine-Building and Electronics Industries, met today with a visiting U.S. Aviation Safety Delegation headed by retired Vice Admiral Donald Engen, former administrator of the Federal Aviation Administration.

The delegation is composed of 66 members. Since their arrival in Beijing May 20, they have had discussions and technical exchanges with Chinese colleagues on aviation safety, personnel training and air traffic control.

Meets Honeywell Chairman

OW2605101488 Beijing XINHUA in English
0715 GMT 26 May 88

[Text] Beijing, May 26 (XINHUA)—Zou Jiahua, China, state councillor and minister of machine-building and electronics industry, met here today with Edson Spencer, chairman of the board of the U.S. Honeywell Company, and his party.

The Honeywell Company is one of the biggest makers of automatic control instruments and meters in the world.

The Americans are here discussing with the Chinese side the possibilities of setting up joint ventures and going in for joint designing, bidding and contracting. They are also seeking ways to promote the transfer of advanced technology to China.

Soviet Union

Karpov Urges U.S. Senate To Approve INF Treaty
OW2605021588 Beijing XINHUA in English
1832 GMT 25 May 88

[Text] Moscow, May 25 (XINHUA)—A senior Soviet official said today he hopes the U.S. Senate will ratify the Soviet-U.S. treaty on the elimination of intermediate- and shorter-range nuclear forces (INF) soon.

Viktor Karpov, head of the arms control and disarmament department of the Soviet Foreign Ministry, said "If this happens, then probably the two sides could exchange instruments of ratification during President Ronald Reagan's visit to Moscow."

President Reagan arrived in Helsinki from Washington today and will come to Moscow May 29 for a five-day official visit.

The Soviet Union is attentively watching the debate on the treaty in the U.S. Senate, Karpov said in an interview with the Soviet news agency TASS.

The chief Soviet arms control expert said the Soviet Union will not delay ratifying the INF Treaty which was signed by Reagan and Gorbachev in Washington last December.

The INF Treaty marked the first step taken by the two superpowers towards genuine nuclear disarmament.

A well-informed Eastern European source here said today that the Presidium of the Supreme Soviet will probably ratify the treaty Thursday to promote the U.S. Senate to take the same step before Reagan comes to Moscow.

Joint Capital Restaurant With USSR To Open
OW2505152988 Beijing in Russian to the USSR
1800 GMT 21 May 88

[Text] Our correspondent reports that a contract between the Chinese Beijing Restaurant and the Beijing Restaurant in Moscow under the Main Administration for Public Catering of the Mosgorispolkom [Moscow City Executive Committee] was signed on the afternoon of 21 May in Beijing. According to this document, both sides will open jointly a Beijing Restaurant in Moscow where traditional Chinese dishes will be sold.

The contract was signed by (Shen Xishen), chief director of the Chinese Beijing Restaurant, on the one hand, and by (Vladimir Ivanovich Moryzhkov), chief of the Main Administration for Public Catering of Mosgorispolkom, and Yuriy Nikolayevich Popov, director of the Beijing Restaurant in Moscow, on the other.

The contract envisages that 30 percent of the capital will be invested by China while 70 percent will be invested by the Soviet side. The Beijing Restaurant in Moscow will occupy an area of more than 1,500 square meters. The contract is for 10 years. It is reported that this will be the first Chinese-Soviet joint capital enterprise.

Northeast Asia

RENMIN RIBAO Carries DPRK Statement on Olympics
HK2605104088 Beijing RENMIN RIBAO in Chinese
26 May 88 p 6

[XINHUA Report: "Korean Foreign Ministry Spokesman Issues Written Statement Calling on the United States and Japan to Stop Abusing Korea"]

[Text] Pyongyang, 24 May (XINHUA)—The Foreign Ministry of the Democratic People's Republic of Korea has urged the U.S., Japanese, and South Korean authorities to stop hurling abuse at North Korea [chaos xian bei fang 2600 7639 0554 2455] under the pretext of ensuring security for the Olympic Games, and has indicated that it would continue its efforts to cohost the 24th Olympic Games with the South.

This was in a written statement by a spokesman for the DPRK Foreign Ministry on 23 May.

The statement pointed out that recently, under the pretext of "ensuring security for the Olympic Games," the United States and Japan have been trying stubbornly to besmirch DPRK activities. Their purpose in so doing is to take advantage of the Olympic Games in bringing about conditions favorable for "cross contacts," "cross recognition," and the existence of "two Koreas," in order to solidify the present division of Korea.

According to the statement the United States continues to maintain the troops involved in the "Team Spirit 88" joint military exercise in Korea and adjacent waters. In addition, it has put its armed forces in Japan and the Philippines in an "emergency action state [jin ji chu dong zhuang tai 4868 1838 0427 0520 3692 1966]" and has announced that it is going to conduct a large-scale military exercise in South Korean waters. Japan is now actively supporting the United States' military activities.

The statement calls on the United States not to defame and malign the DPRK under the pretext of "ensuring security for the Olympic Games" and to stop military activities that aggravate the tense situation on the Korean Peninsula.

The statement finally says that the Korean Government and its people will continue to work toward the cohosting of the 24th Olympic Games by the North and the South.

Japanese Firms To Form Beijing Joint Venture
OW2405153688 Tokyo KYODO in English 1247 GMT 24 May 88

[Text] Tokyo, May 24 KYODO—Two Japanese computer software companies said Tuesday they have agreed to set up a joint software development firm in Beijing in early June.

The planned joint firm, to be established by Ascii Corp. of Tokyo and Taiyo Computer Center Co. of Yokohama, will be the first such enterprise, wholly owned by Japanese, to be set up in China.

Ascii and Taiyo said the joint company will be capitalized at 50 million yen, of which 80 percent will be put up by Taiyo and the balance by Ascii.

Xiao Jing-ru, managing director of Taiyo, will be the president of the joint company.

According to the two firms, Japan is suffering from the shortage of systems designers and development engineers.

The joint firm in Beijing, named T and A, will have 60 staffers, mainly systems designers and development engineers, in the initial year, and the number will be increased to 150 in the second year.

The joint firm will be asked to develop software to the order of Ascii, which will take over all such software developed by the joint company for some time.

Taiyo said the joint company would also develop software for supply to Chinese agencies and corporations a few years later.

Southeast Asia & Pacific

Burmese Deputy Prime Minister Arrives for Visit
OW2605101988 Beijing XINHUA in English 0717 GMT 26 May 88

[Text] Beijing, May 26 (XINHUA)—Chen Muhua, vice-chairman of the Standing Committee of China's National People's Congress, met U Tun Tin, Burmese deputy prime minister and minister for planning and finance, and his party here today.

Meets Wang Bingqian
OW2605092888 Beijing XINHUA in English 0547 GMT 26 May 88

[Text] Beijing, May 26 (XINHUA)—Wang Bingqian, Chinese state councillor and minister of finance, called on U Tun Tin, Burmese deputy prime minister and minister for planning and finance, at the guesthouse today.

During their meeting, Wang and Tun Tin expressed satisfaction with the development of Sino-Burmese friendship.

Tun Tin who arrived here yesterday on a week-long visit said that he was satisfied with the construction of projects with Chinese assistance in Burma.

Wang briefed Tun Tin on China's economic development in recent years.

XINHUA Reviews Cooperation with Burma
OW2605050188 Beijing XINHUA in English 0715 GMT 25 May 88

["Round-up: China, Burma Strengthen Friendly Ties (by Lu Jimin)"]—XINHUA headline]

[Text] Rangoon, May 25 (XINHUA)—Burmese Deputy Prime Minister U Tun Tin leaves here today for Beijing on an eight-day goodwill visit to China to strengthen bilateral ties.

This is the second visit to China by Burmese senior officials in less than six months following Burmese Foreign Minister U Ye Gaung's goodwill visit to China early this year.

The friendly Sino-Burmese relations based on the five principles of peaceful co-existence have been developed soundly in recent years through exchange of visits at high levels.

Chinese President Li Xiannian paid a return visit to Burma in March 1985 after Burmese President U San Yu's trip to China in October 1984.

Burma Socialist Program Party Chairman U Ne Win paid his 12th visit to China in May 1985. Burmese Prime Minister U Maung Maung Kha visited China in April 1986.

Last year, Chinese Vice-Premier Qiao Shi also paid a goodwill visit to Burma as the first leg of his South Asian Tour.

All these visits gave a fresh impetus to the further growth of Sino-Burmese friendly relations.

Meanwhile, exchange of visits by youth, trade union, education, cultural and sports delegations has further promoted the friendship between the two neighboring countries.

Burma is the first country to have reached a satisfactory settlement with China of the boundary issue through friendly negotiations.

On friendship and cooperation between China and Burma, Chinese Foreign Minister Qian Qichen said, "Sino-Burmese cooperation is one of China's long-standing policies and bilateral ties between the two countries can be regarded as a model for country-to-country relations."

The Burmese foreign minister said during his visit to China early this year that the good neighborly relations fostered by the two countries' top leaders have steadily developed and have been characterized by mutual understanding and cooperation.

Economic and technical cooperation between China and Burma have been expanded. The Burmese No 1 National Indoor Stadium built with Chinese assistance was completed in October 1986 and the China-aided longest Rangoon-Syriam Bridge started its construction at the same time.

The trade ties between the two countries have also been boosted through the common efforts. Total trade volume between the two countries last year was about 40 million U.S. dollars.

Burmese Sports Study Group Leaves for Beijing
OW2605052188 Beijing XINHUA in English
0947 GMT 25 May 88

[Text] Rangoon, May 25 (XINHUA)—A Burmese sports study group, led by U Aung Nyein, vice-president of Burma Olympic Committee, left here this afternoon for Beijing to pay a two-week visit to China.

During its stay in China, the four-member group will view Chinese sports facilities and study the development of physical culture in China.

The group will exchange views with Chinese sports officials on sports exchanges between the two countries.

A Chinese sports delegation headed by Li Menghua, minister in charge of State Physical Cultural and Sports Commission of China and president of the Chinese Olympic Committee visited Burma from May 9 to 12.

Near East & South Asia

Zhao Ziyang Meets Pakistan Premier
HK2605044488 Beijing RENMIN RIBAO in Chinese
24 May 88 p 1

[Dispatch by reporter Yao Li (1202 4539): "Zhao Ziyang Meets Junejo"]

[Text] Beijing, 23 May (RENMIN RIBAO)—Zhao Ziyang, general secretary of the CPC Central Committee, met with Pakistani Prime Minister Mohammad Khan Junejo in Zhongnanhai this morning. Junejo was on his journey to a foreign visit by way of Beijing. Zhao Ziyang told the distinguished guest: Frequent exchange of visits between the leaders of the two countries is important to promoting and strengthening Sino-Pakistani friendship and cooperation. We are looking forward to President Mohammad Ziaul Haq's fourth visit to China and would like to invite Prime Minister Junejo to make an official visit to our country later at an appropriate time.

Prime Minister Junejo said: Before I left Pakistan, some reporters asked me: The Pakistani president will visit China very soon, and you are also visiting. Is there anything urgent to do? I replied that this is an example of the close relations between the Pakistani and Chinese people. When I go to China this time, I wish to meet with General Secretary Zhao Ziyang and Premier Li Peng to congratulate them on their new appointments.

Zhao Ziyang thanked him for this and briefed him on China's policy of reform and opening up. He spoke highly of Pakistan's achievements in national economic development and improving the people's welfare. He pointed out that this is an encouragement to the Chinese

people. He also hoped that the two countries will continue to do a good job in developing their respective economies, strengthen their cooperation and exchange of experiences in this respect, and learn from each other.

When commenting on the Afghan issue, Prime Minister Junejo said: The future of Afghanistan should be decided by the Afghan people, and the atmosphere should be conducive to helping Afghan refugees return home.

General Secretary Zhao Ziyang said: The signing of the Geneva Accord on the political settlement of the Afghan problem is the victory of the Afghan people's long-term struggle to safeguard national independence and state sovereignty. It is also a victory of all justice-seeking countries, especially Pakistan, which firmly safeguard the norms guiding international relations, resolutely support the just struggle of the Afghan people, and unremittingly pursue political settlement of the problem. He said that China will continue support to Pakistan in its principled stand and reasonable requests related to the overall settlement of the Afghan issue.

Writers Delegation Concludes Pakistan Visit
OW2005091288 Beijing XINHUA in English
0626 GMT 20 May 88

[Text] Islamabad, May 20 (XINHUA)—A five-member Chinese writers delegation left Karachi, Pakistan, today for home after a fortnight visit to Pakistan.

Head of the delegation Yuan Ying noted during the visit that both China and Pakistan have started translating and publishing of masterpiece works of literature of both Pakistan and Chinese languages in accordance with an agreement signed last year by the two countries. "Such mutual translations can enrich literatures of both the countries immensely," he said.

Yuan said that Pakistan and China shared certain common and ever-lasting values in the shape of particular endeavors for peace and human dignity. Quite many writings of both languages highlighted these basic human strivings which became universal when in [word indistinct] with fuller devotion and uprightness, he said.

During its stay in the country, the delegation toured various cities of Pakistan including Karachi, Hyderabad, Sukkur, Quetta, Lahore, Peshawar and Islamabad and met over 150 Pakistan counterparts.

When asked about his impressions about Pakistan, Yuan Ying said the visit was valuable for more than one count, "and we are particularly happy to find the people of Pakistan entertaining solid goodwill and brotherly feelings for the Chinese. The time-tested relations between both peoples would continue to cement with the passage of time."

The press secretary of President Ziaul-haq had conveyed the good wishes and personal regards of the president to the members of the delegation. Pakistan Education Minister Sajjad Haider met them during their stay here.

PRC Sports Minister Arrives in Nepal
OW2605014088 Beijing XINHUA in English
1206 GMT 25 May 88

[Text] Kathmandu, May 25 (XINHUA)—Chinese Minister of the State Physical Culture and Sports Commission Li Menghua arrived here this afternoon to attend the celebrations for the successful cross-traverse over Mount Qomolangma on May 5 by climbers from China, Nepal and Japan.

Li Menghua, who was also general adviser on the Chinese side for the three-nation joint expedition team, was met at the airport by Nepalese Minister of Tourism Mohammed Mohsin and President of the Nepal Mountaineering Association Kumar Khadga B. Shah.

Li described the cross-traverse success over the world's highest peak as "a historic event", which "strengthened the cooperation in sports among the three countries".

The Nepalese minister said that this success promoted the friendship between the peoples of China, Nepal and Japan.

Celebrations will be held separately in Kathmandu, Beijing and Tokyo.

Zou Jiahua Meets Indian Trade Delegation
OW2605044888 Beijing XINHUA in English
0810 GMT 25 May 88

[Text] Beijing, May 25 (XINHUA)—Chinese State Councillor Zou Jiahua met here today with a delegation from the Federation of Indian Chambers of Commerce and Industry.

The delegation, with the federation's president Rohit C. Mehta as leader and Bansi Dhar as co-leader, arrived in Beijing May 23 at the invitation of the China Council for the Promotion of International Trade to discuss with Chinese departments concerned the possibilities for trade and economic cooperation.

President of the host organization Jia Shi was present at the meeting.

India Presents 112 Books to National Library
OW2605041388 Beijing XINHUA in English
0143 GMT 25 May 88

[Text] Beijing, May 25 (XINHUA) — Indian Vice-Minister of Culture M. Varadarajan presented here today 112 books to China's National Library.

The books include 90 volumes of selected works of Mahatma Gandhi and 22 literary pieces of Rabindranath Tagore.

Ashes of Indian Doctor Interred
OW2005232088 Beijing XINHUA in English
1439 GMT 20 May 88

[Text] Shijiazhang, May 20 (XINHUA)—The ashes of an Indian doctor who helped the Chinese during the anti-Japanese war and who died in 1986 were interred here at the North China Revolutionary Martyrs' Mausoleum.

Bijay Kumar Basu came to China with a medical group he and another famous Indian doctor, Dr D.S. Kotnis, organized in 1938.

Basu later became the president of the All-India Dr D.S. Kotnis Memorial Committee.

Before he died he asked that half of his ashes be buried in China.

A "memorial to Doctor Basu" was erected in the mausoleum last July by the Chinese People's Association for Friendship with Foreign Countries.

Present at the ceremony was a delegation of All-India Dr D.S. Kotnis Memorial Committee headed by the Attorney General of Indian West Bengal State.

RENMIN RIBAO Praises Algeria-Morocco Agreement
HK2205060488 Beijing RENMIN RIBAO in Chinese
19 May 88 p 6

["Short commentary": "It Is Gratifying To Hear of the Restoration of Diplomatic Relations Between Algeria and Morocco"]

[Text] On 16 May, Algeria and Morocco issued a joint communique, announcing that the two countries had decided to immediately restore diplomatic relations at the ambassadorial level. This ends the 12 year period of no relations between them. This is an inspiring event representing the Arab countries' efforts to strengthen their unity by seeking common ground while reserving differences.

Algeria and Morocco are two important countries in northern Africa, and their peoples belong to the same race and share the same historical experiences. In particular, in the protracted struggle against colonialism, the two peoples fought side by side and supported each other, and they formed a profound friendship in the course of the anti-colonialist struggle. In March 1976, the two sides clashed over the sovereignty of Western Sahara, a problem left over from history, and then severed diplomatic relations. Over the past 12 years, many international organizations and countries mediated between them, but they maintained their own

positions and did not reach a rapprochement. This long-standing antagonism obstructed the development of both countries and also caused unfavorable influences in the Maghreb region. Therefore, the restoration of diplomatic relations between Algeria and Morocco is not only in line with the fundamental interests and wishes of the two peoples but also creates a favorable atmosphere for the peaceful settlement of the Western Sahara issue.

At present, the situation in the Middle East remains unstable, and the process of the Middle East peace talks remains stalemated because of the stubborn attitude of Israel. The Israeli authorities, headed by Shamir, are increasingly intensifying the suppression of the Palestinian people in the occupied territories. Under these circumstances, the Arab nations need to better unite themselves and wage a joint struggle. Algeria and Morocco restored diplomatic relations shortly before the convening of the special summit meeting of the Arab nations on the issue of the Palestinian people's anti-Israeli struggle in the occupied territories. This will undoubtedly promote unity among the Arab nations and positively influence the Middle East peace process. Therefore, the normalization of their relations has been welcomed by the Arab countries and the international community.

The recent restoration of diplomatic relations between Algeria and Morocco, despite their long-standing quarrel, once again proves that the Arab countries, as well as other Third World countries, can be involved in some misunderstandings, differences, or even confrontations for various reasons, but as long as they have the desire to maintain their unity and give consideration to their common interests, it is entirely possible for them to solve their internal problems through negotiations and dialogue.

Kuwait, Tunisian Envoys at Hebei Project Site
OW2505084388 Beijing XINHUA in English
1409 GMT 24 May 88

[Text] Shijiazhuang, May 24 (XINHUA)—Construction of the Qinhuangdao Phosphamide Factory under the Sino-Arab Chemical Fertilizers Company Ltd. started officially today in this north China port city.

Among those present on the occasion were Qin Zhongda, minister of chemical industry, Yue Qifeng, governor of Hebei Province, Hasan 'Ali al-Dabbagh, Kuwait ambassador to China and Taoufik Smita, Tunisian ambassador to China.

With a total investment of 58 million U.S. dollars, the Sino-Arab Chemical Fertilizers Company Ltd. was set up in June 1985, jointly managed by China, Kuwait, and Tunisia.

In October 1987, through international bidding, the Spie Batignolles Engineering Company of France contracted to build the Qinhuangdao Phosphamide Factory.

The factory is expected to turn out 480,000 tons of ammonium phosphate or 600,000 tons of compound fertilizers of nitrogen, phosphorus, and potassium annually.

Venture Inaugurated

OW2605040888 Beijing XINHUA in English
0104 GMT 25 May 88

[Text] Beijing, May 25 (XINHUA)—The first joint venture between China, Tunisia and Kuwait to produce diammonium phosphate (DAP) was inaugurated in Qinhuangdao, Hebei Province Tuesday.

The DAP project comes under the Sino-Arab chemical fertilizer company contracted to the French Spie Company Ltd, under the Spie Batignolles Group. It will be completed with the aid of a French loan of more than 30 million U.S. dollars. The project will involve a total investment of 58 million U.S. dollars and produce 480,000 tons of fertilizer annually, according to today's "CHINA DAILY".

The plant will have 261 employees and cover nine hectares. It will use French dual pipe reactor technology and equipment, the most advanced in the world. Twenty five employees will be sent to France for two weeks of training.

The paper also disclosed that the Tunisian side will provide the plant with about 220,000 tons of phosphoric acid every year and carry back 350,000 tons of oil from China in the same freighters.

DAP is a high-effective fertilizer; a ton is equal to 3.6 tons of phosphate fertilizer, the paper said.

Afghan Mujahidin Block Roads, Soviets

OW2205114088 Beijing XINHUA in English
0801 GMT 21 May 88

Islamabad, May 21 (XINHUA)—Afghan Muslim guerrillas have blocked all roads leading to Jalalabad, capital of Afghanistan's Nangarhar Province bordering Pakistan, a resistance source confirmed here today.

The source said that the step was taken after the withdrawal of the first batch of over 1,200 Soviet troops from the provincial capital on May 15 when the Geneva agreement came into effect.

Under the U.N.-mediated Geneva agreement signed by Pakistan and the Moscow-installed Kabul regime on April 14, the Soviet Union is to withdraw 50 percent of its troops from Afghanistan within the first three months starting on May 15 and the rest in the six months following.

The source said that at the time the impression was given by the Soviet authorities that the entire Jalalabad garrison, one of the largest in eastern Afghanistan, would be evacuated. However, he noted, only a small number was pulled out and more troops still remain in the garrison.

The Afghan resistance forces on May 15 allowed the first Soviet contingent to pass without any real attempt to attack them in the hope that the garrison would be evacuated totally.

Earlier, the Afghan guerrillas captured Jaji garrison in Paktia Province on May 12. The garrison, 20 kilometers from the Afghan-Pakistan border, was abandoned by the Kabul troops on May 9.

Jaji was reportedly among the four places to be selected for the seat of an interim government of Afghanistan proposed by the seven-party alliance of Afghan mujahidin (holy-war fighters).

The Afghan guerrillas have increased their attacks on the Soviet-Kabul troops and their military installations throughout Afghanistan after the signing of the Geneva agreement last month. During the past few weeks, about 13 districts and 50 military posts in the country have come under the control of the Afghan guerrillas.

The source also said that about 200 Kabul troops have defected to the Afghan resistance forces in Kabul Province bordering Pakistan recently.

Sub-Saharan Africa

African Liberation Day Marked in Beijing

OW2605035488 Beijing XINHUA in English
1358 GMT 25 May 88

[Text] Beijing, May 25 (XINHUA)—About 500 Chinese officials and African diplomats gathered here today to mark the 25th anniversary of the Africa Liberation Day.

Among the attendants were Chinese Vice Premier Wu Xueqian and Foreign Minister Qian Qichen.

Sudanese Ambassador to China Muhammad Hamad Matar, who is currently dean of the [words indistinct] diplomatic group, said that the African people and governments have scored glorious and historical successes in many fields politically, economically, and socially in the past two decades and more.

"But the road to independence, development and prosperity is not an even one as obstacles and difficulties face the continent," he said.

He urged the international community to "play a more positive role, especially by the rich ones towards the quick economic recovery of the African continent."

He voiced support for the Namibian and Tanzanian peoples in their just struggle to regain their freedom and preserve their dignity.

He also urged the international community to "compel Israel and Zionism to agree to a Middle East peace conference, a real peace conference and not a ceremonial one that shall include all parties to the conflict with the [word indistinct] participation of the PLO."

Qian Qichen said that the Chinese Government and people will, as always, firmly support the African countries in their efforts to safeguard their national independence and sovereignty and to develop their national economies and culture, and also [word indistinct] their legitimate rights and interests.

"While continuing with economic and technical assistance to African countries as much as we can, we shall work together with them to explore [words indistinct] and areas for mutually beneficial cooperation," Qian said.

He said that the Chinese Government and people sternly condemn the perverse acts perpetrated by the South African authorities, and firmly support the Southern African people in their just struggle.

"We appreciate and completely support the valuable suggestions and proposals put forward by the frontline countries in [word indistinct] interest of their state sovereignty and security, [words indistinct] peace and stability. We hope that the international community will give more and stronger support to the cause of the people in that region," Qian said.

West Europe

Li Peng Meets New Swiss Ambassador
OW2505040788 Beijing XINHUA in English
1116 GMT 24 May 88

[Text] Beijing, May 24 (XINHUA)—Chinese Premier Li Peng met new Swiss Ambassador to China Erwin Schurtenberger here today.

Beijing Mayor Attends Istanbul Meeting
OW2605034688 Beijing XINHUA in English
0926 GMT 25 May 88

[Text] Istanbul, May 25 (XINHUA)—Major cities in the world have to exchange experiences so as to speed up urban construction, said Turkish Prime Minister Turgut Ozal here today.

Speaking at the opening ceremony of the second meeting of mayors of the world's major cities, Ozal said that Turkey, like other developing countries, faces a number of problems in urban construction, such as traffic jams, pollution of the environment, population growth, and shortage of houses.

Major cities all over the world have accumulated a wealth of experience in overcoming these difficulties, the premier said.

Attending the 6-day meeting were about 150 mayors or representatives of mayors from more than 20 major cities all over the world, including Beijing, Cairo, New Delhi, Tokyo, and Paris.

In his inaugurating speech, chairman of the meeting and the Mayor of Istanbul Bedrettin Dalan stressed that the aim of the meeting is to review and solve different city management problems so as to make contribution to the development of the major cities in the world.

Shunichi Suzuki, mayor of Tokyo and chairman of the first mayors' meeting, said at today's session that cooperation should be strengthened among the big cities.

Beijing Deputy Mayor Speaks
OW2605090688 Beijing XINHUA in English
0121 GMT 26 May 88

[Text] Istanbul, May 25 (XINHUA)—Beijing, the capital of 1-billion-people China and with a history of more than 3,000 years, will be rebuilt into a modernized metropolis while retaining its traditional features.

This was the theme of a speech delivered by Beijing Deputy Mayor Zhang Baifa at the opening session of the Second World Metropolitan Mayors Conference here today.

He said that building a modernized city combined with historical and cultural features has become a common issue that confronts all metropolitan administrations.

In rebuilding Beijing, he said, "We are being vested with the historical responsibility of transferring the old city into a modern one." However, he warned against both tendencies of "back to the ancient" and "destroy the ancient".

Zhang said that, through centuries of hard work by its ancestors, Beijing has been shaped up gradually with its unique style and features.

The city's pattern was laid out in neat formation with bilateral symmetry and magnificent atmosphere: a north-south axis over 8 kilometers long runs right through the centre of the city. Besides, all the buildings are randomly located with clear distinction between different levels, he said.

Since the early 15th century, Beijing and its surrounding territories have been organized as a metropolitan district of enormous size. Its central zone is mainly occupied by old palaces, government buildings, commercial districts, and old residential areas.

Beijing also represents the heritage of Chinese architectural achievement. Care has been taken throughout the centuries to preserve the traditional sites.

The Tiananmen Square, which marks a start of a new era in Chinese history since the birth of the People's Republic of China in 1949, will be reformatted into a typical combination of the ancient culture heritage with the process of a modernization drive. The World Metropolitan Mayors Conference was attended by over 150 mayors and representatives from more than 20 cities, including Tokyo, Paris, Cairo, New Delhi, Istanbul, and Beijing.

British Energy Secretary on June Visit
OW2605005088 Beijing XINHUA in English
2337 GMT 25 May 88

[By Xue Yongxing]

[Text] London, May 25 (XINHUA)—British Energy Secretary Cecil Parkinson said today that there existed good prospects for cooperation in the energy field between Britain and China.

Parkinson, who is going to visit China and Southeast Asia next month, said that he would take a team of top British energy industrialists to China and discuss a whole range of projects with the new Chinese energy minister, Huang Yicheng.

His 2-week-long visit to Asia, which starts on June 2, will take him also to Burma and Indonesia.

While in Indonesia, he is scheduled to deliver a keynote speech at a 40-company seminar aimed at promoting the interests of the British oil and gas sectors.

In an interview with XINHUA today on his upcoming visit to China, the first ever for him, Parkinson said, "It's one I'm really looking forward to."

Optimistic about the prospects for energy cooperation between the two countries, Parkinson said that, although there was "disappointment in oil exploration," "everybody is convinced there are very big finds to be made, and British companies are still enthusiastic about being involved in exploration and development in China."

He said that, during the visit, he would inform his Chinese counterpart of Britain's technology and expertise, which can help China to develop its energy resources. China offers good opportunities in oil, coal, gas, nuclear, and renewables, he said.

The energy secretary also said that he would give an introduction to the Chinese energy minister on Britain's plans to privatize its electricity industry.

"We believe that decentralization, giving individual responsibilities to managers, encouraging people to think of profits in terms of promoting efficiency is a way of measuring the efficient performance of industries," he said.

"We think all of these things could be of interest to China," he added.

Earlier in February, Parkinson announced the controversial plans to sell off the Central Electricity Generating Board (CEGB) in England and Wales for 27 billion pounds (about 47.5 billion U.S. dollars). It is the biggest privatization program undertaken so far by Prime Minister Margaret Thatcher's Conservative government.

Meanwhile, the British Government announced yesterday that it had agreed to provide an aid grant of 6.5 million pounds (about 12.1 million U.S. dollars) to help finance the construction of a 100-mw power station in China.

Public Security Group Leaves for Switzerland
OW2605040288 Beijing XINHUA in English
0045 GMT 25 May 88

[Text] Vienna, May 24 (XINHUA)—A Chinese public security delegation, led by State Councillor and Minister of Public Security Wang Fang, left here for Switzerland today after ending a six-day visit to Austria.

The Chinese delegation, at the invitation of Austrian Federal Minister of the Interior Karl Belcha, arrived here on May 19.

During his stay in Austria, Wang talked with Belcha on public security, the international fight against terrorism, drug trafficking and other issues. Wang and his party also visited Austrian police facilities.

At a press conference this afternoon, Belcha said Austria attached great importance to the development of the friendly cooperation with China. The two countries would further strengthen scientific and technical cooperation in the field of security, he added.

According to Belcha, experts from both sides would contact frequently to exchange experiences.

The Chinese minister also met Austrian Minister of Justice Egmont Foregger.

Song Jian Speaks in Sweden on Science Progress
OW2505120388 Beijing XINHUA in English
0552 GMT 25 May 88

[Text] Stockholm, May 24 (XINHUA)—The Chinese Government plans to push forward its scientific, technological and economic cooperation with other countries while updating its own scientific and technological development.

Song Jian, visiting Chinese state councillor, said here today at the Royal Swedish Academy of Engineering Sciences that China has signed scientific and technological agreements with 51 countries and regions and joined more than 250 international academic institutions and organizations. More than 170 countries have established scientific and technological ties with China, said Song, who is also minister in charge of the State Science and Technology Commission.

In his speech today, Song noted that China, like most of the Third World countries, should work hard in two fields: Spread practical technology and speed modernization and industrialization in the countryside; and develop new and high technology to shorten the distance between China and other developed countries.

Regarding China's scientific and technological progress in the countryside, Song spoke of China's "Sparking Program" formulated three years ago.

"Satisfying results have been made in this respect and about 360,000 scientific and technological personnel had joined the work in pushing forward scientific development in the countryside by the end of 1987," Song said.

Song said that China made its new and high-tech program last year and would follow closely the world development in biological engineering, electronic information, automatic production, space technology, laser technology, new energy sources and new material. It is estimated that about 10,000 first-class Chinese scientists will take part in this program.

Song and the official Chinese scientific and technological delegation he is leading arrived here on May 21 from Finland for a six-day visit to Sweden.

Culture Minister Opens Belgian Art Exhibit
OW2405231688 Beijing XINHUA in English
1432 GMT 24 May 88

[Text] Beijing, May 24 (XINHUA)—About 60 sculptures and paintings by Belgian art master Constantin Meunier (1831-1905) were put on display in Beijing's China Art Gallery today.

Most of the exhibit, selected from the collections of the Belgian Royal Art Museum and the Constantin Meunier Museum in Brussels, are on miners' hard life.

Wang Meng, Chinese minister of culture, and Jean Pierre Goafe, Belgian minister of international relations and liaison, cut the ribbon at today's opening ceremony.

The exhibition will run till June 13.

East Europe

CSSR's General Secretary Continues Tour

Jakes' 23 May Dinner Speech
AU2605083288 Prague RUDE PRAVO in Czech
24 May 88 p 2

[Speech by Milos Jakes, CPCZ Central Committee general secretary, at the dinner given in his honor by CPC Central Committee General Secretary Zhao Ziyang in Beijing on 23 May]

[Text] Esteemed Comrade Zhao Ziyang, esteemed Chinese Comrades, friends, first of all I want to express my sincere gratitude for the invitation to pay this official friendly visit—for the cordial welcome and hospitality with which you have surrounded us from the very first moment we stepped on the soil of your beautiful country. I also thank you for your kind words about our Communist Party and socialist Czechoslovakia.

Many years have passed since my last visit to the PRC. The results achieved since that time (particularly during the last few years) by the talented and diligent Chinese people under the CPC's leadership are truly remarkable. I am glad that, in the next few days of our visit here, I and the comrades accompanying me will be able to see today's rapidly developing China with our own eyes. Only a few hours ago, during the talk with Comrade Zhao Ziyang, CPC Central Committee general secretary, I have learned a lot about the prospects and trends of the current changes in your country. Our deliberations have fully confirmed the importance, significance, and bilateral usefulness of further intensifying the contacts between our parties and states. In a frank, comradely atmosphere we clarified the views on the most important problems of the present world. It became clear that the stands held by our two countries on the key issues of international life are close and often quite concurrent.

Our nations are bound by ties of respect and friendship, of solidarity and mutual assistance. The victory of the Chinese Revolution and the founding of the PRC were enthusiastically welcomed by us; they laid the foundations of a broad upsurge of Czechoslovak-Chinese cooperation in the fifties, a tradition which we are continuing today.

We follow with great attention and sympathy your people's purposeful efforts to implement the CPC's line, aimed at accelerating the reform in the economic and political sphere, at increasingly opening up the country to the outside world. We congratulate you on the results of the last few years and wish you, with all our heart, further significant successes in carrying out the intentions of your party's 13th congress.

We highly respect the PRC's energetic contribution to securing peace, your rejection of the militarization of outer space, and your commitment not to be the first to use nuclear weapons.

Czechoslovakia, too, is searching for (and promoting) new paths toward socialist advancement. On the basis of the line set by our party's 17th congress and in the spirit of conclusions adopted by the Seventh and Ninth CPCZ Central Committee Sessions, we are striving to make efficient use of the creative potential of socialism. We give priority to the intensification of the economy and have begun a profound restructuring of our economic mechanism and other spheres, and started intensifying socialist democracy. We attach extraordinary significance to cooperation with other socialist countries, to the study and utilization of their experience.

We are therefore sincerely interested in deepening cooperation between the CPCZ and CPC, between our socialist countries, between our trade unions, youth unions, and other social organizations. We are striving to make our relations firm and lasting. On the basis of the principles of equality, mutual advantages, understanding, and respect we want to further enrich our contacts in the political, economic, scientific-technical, cultural, and other spheres. This corresponds to the interests of our peoples and serves the common cause of peace and progress, and the interests of the socialist ideals binding us.

The development of our relations since Comrade Zhao Ziyang's visit to the CSSR fully confirms the significance and the beneficial nature of Czechoslovak-Chinese cooperation, its healthy foundations, comradely substance, and prospects. We welcome the opportunity to follow up the results of this cooperation, to continue exchanging views and experiences, and to continue our constructive dialogue. We are glad to note the growing intensity and comprehensive nature of our relations. We are happy about the progressing development of our economic cooperation and trust that it will continue to expand bilateral benefit. It is in our mutual interest to strive to implement progressive forms of mutual collaboration on an increasingly broader scale and to promote specialization and cooperation more consistently than to date.

Likewise, nothing stands in the way of developing our cultural, educational, scientific, and other contacts, or of making more effective use of the various forms of partnership between regions, districts, institutions, plants, and work collectives.

The present era stands in the sign of a revival of great revolutionary ideas of Marxism-Leninism; their further creative development is reflected in the extensive political, economic, and social changes taking place in the socialist countries on the initiative of the fraternal parties. All this has a profound impact on the international communist and workers movement, which is being cemented and renewed on the basis of mutual respect, trust, equal rights, and sincere solidarity.

When I mentioned at the beginning of my statement here the concurrence and proximity of our views on the basic issues of today, I primarily had in mind the efforts to preserve peace, to disarm, and to avert the threat of war.

We have entered a historical period, in which the further development of our planet will be decided. Within the framework of its possibilities, Czechoslovakia will help make irreversible the positive trends that have recently appeared in international life (above all as the result of the Soviet-American treaty on intermediate- and short-range missiles). We expect the meeting of top USSR and U.S. representatives, which is to be opened in a few days' time in Moscow, to take an important step in this direction.

Proceeding from the premise that good neighborly relations between the states can significantly contribute toward promoting the cause of peace and understanding between the peoples, we have recently proposed establishing a zone of trust, cooperation, and good neighborly relations along the line of contact between Warsaw Pact and NATO states. We also support initiatives that are aimed at providing for security and cooperation in the Asian-Pacific area. We trust that the spirit of good will and mutual tolerance will prevail even where wars, danger, and tension are still predominant. Today every hotbed of war means a potential danger for the whole world, and it is the duty of this world to concentrate all forces and means particularly on resolving global social, economic, and ecological issues that have a negative impact on the future of our human civilization.

A lot of energy will still be needed in order to halt feverish armament and achieve international detente. We are firmly convinced that it is within the possibilities of socialist countries, of the peace-loving and realistic forces in the world, to secure a peaceful future for mankind.

Cooperation Agreement Signed
OW2505113188 Beijing XINHUA in English
1052 GMT 25 May 88

[Text] Beijing, May 25 (XINHUA)—An agreement on the basic orientation of long term economic, scientific and technological cooperation and an agreement on air transport were signed between the Chinese and Czechoslovak Governments here today.

Zhao Ziyang, general secretary of the Communist Party of China (CPC) Central Committee, and Milos Jakes, general secretary of the Czechoslovak Communist Party Central Committee, were present at the signing ceremony.

The signatories to the two documents were Chinese Vice-Premier Yao Yilin and Czechoslovak Deputy Premier Ladislav Adamec, and director of the Civil Aviation Administration of China Hu Yizhou and Czechoslovak first Vice-Foreign Minister Jaromir Johanes.

Jakes and his party, accompanied by Yao Yilin, member of the Standing Committee of the Political Bureau of the CPC Central Committee and vice-premier, left here by special plane for Nanjing, capital of east China's province of Jiangsu, this afternoon.

Zhao Ziyang bid farewell to the outgoing guests at the State Guesthouse.

Zhao said Jakes' visit to China has increased mutual understanding and trust between China and Czechoslovakia and will promote the friendly relations and cooperation between the two parties and two countries.

Jakes expressed satisfaction with the visit, saying that nothing in the world could separate the two countries.

Zhao and Jakes also discussed matters concerning cooperation between the two countries' provinces, cities and major enterprises.

Report on Agreements

LD2505192788 Prague Domestic Service in Czech
0900 GMT 25 May 88

[Text] China—Several Czechoslovak-Chinese cooperation documents were signed this afternoon in the presence of Milos Jakes, general secretary of the CPCZ Central Committee, and Zhao Ziyang, general secretary of the CPC Central Committee.

An agreement on the main directions of long-term economic and scientific-technical cooperation between the Government of the Czechoslovak Socialist Republic and the Government of the PRC was signed by Ladislav Adamec, member of the CPCZ Central Committee Presidium, and Yao Yilin, member of the Standing Committee of the CPC Central Committee Politburo, vice premier of the State Council and chairman of the State Planning Committee.

An agreement on air transport between the Government of the Czechoslovak Socialist Republic and the Government of the PRC was signed by Jaromir Johanes, CSSR first deputy minister of foreign affairs, and Hu I-chou, director general of the Chinese Civil Aviation Association.

The first document emphasizes that the main goal of economic and scientific-technical cooperation is to make use of the newest findings of scientific-technical research to develop the economies of the two states, to take a mutual part in the technical restructuring of enterprises of the two sides, in the modernization and construction of new sectors, to found jointly managed enterprises, and to cooperate in industry. At the same time both countries are aware that scientific-technical progress is an important element in the intensification of the economy and increasing the effectiveness of production. They will therefore strive to improve economic and scientific-technical cooperation and to widen mutual goods

exchange in 16 specified areas from nuclear energy and the peaceful use of nuclear energy, through engineering, metallurgy, and the gas industry to light industry, agriculture, and the protection of the environment. Among other things, cooperation will also concern the health service, tourism, and education. This agreement, which also includes forms of securing cooperation, is valid up to the year 2000. The agreement will be extended by 5 years each time unless one of the sides declines.

The agreement on air transport is intended to develop relations between China and Czechoslovakia in civil aviation. The agreement will become valid on the day diplomatic memoranda are exchanged, confirming that the two sides completed the approval processes set out in their internal state legal systems.

Milos Jakes' friendly visit to China continues today in Nanjing, Jiangsu province. Before departure by air from Beijing the highest Czechoslovak party representative was seen off by Zhao Ziyang, general secretary of the CPC Central Committee.

Jakes Sums Up Talks

LD2505195488 Prague CTK in English
1544 GMT 25 May 88

[Text] Beijing May 25 (CTK correspondent)—China and Czechoslovakia fully support the forthcoming meeting between Mikhail Gorbachev and Ronald Reagan in Moscow, Czechoslovak Communist Party General Secretary Milos Jakes told journalists here today.

Summing up his three-day talks in Beijing he noted that China supports Czechoslovakia's peace initiatives. As regards economic cooperation between the two countries, the greatest prospects exist in the power and engineering industries.

Milos Jakes stated that the intentions of the communist parties of Czechoslovakia and China and the methods by which they want to achieve their aims are identical in many respects. Naturally, there are peculiarities resulting from the conditions of each country. A common feature is that both countries are implementing economic reforms, and the aims of these reforms are quite close to each other. They involve primarily increasing the role of the lower levels of management and strengthening their powers and responsibility, introducing economic tools of management and changing the forms of work of the central bodies. A wide enough scope is to be created for the application of economic tools.

Both countries also seek the possibilities of greater involvement in the international division of labour and believe that the further development of socialism should proceed under the leadership of the communist parties. However, party bodies should not substitute for state and economic bodies, Milos Jakes stated.

The general secretary said that emphasis was laid in his talks with Chinese representatives on economic issues. Great possibilities exist primarily in the power industry and engineering.

The general secretaries of the Czechoslovak and Chinese Communist Parties noted that both parties contribute by their work to international detente. During the talks both voiced support for the Soviet-U.S. Intermediate-range Nuclear Forces Treaty, Milos Jakes said.

"We also fully support the planned meeting of Mikhail Gorbachev and Ronald Reagan and the further effort to reduce international tension, remove nuclear and chemical weapons and cut the number of conventional arms. Both parties wish to see an end to regional conflicts and their solution by political means," the Czechoslovak representative stated.

He characterized his talks with the highest Chinese officials as open, comradely and friendly.

Replying to journalists' questions he said that the reforms in both countries have many features in common but this does not mean that each experience can be applied by the other country.

In Czechoslovak agriculture, for instance, the forms of large-scale production are functioning well and Czechoslovakia therefore does not need to adopt forms based on family work. Only the forms of management will be changed. However, both countries are addressing the same problems, such as increasing incentives and removing unhealthy egalitarianism in remuneration. The aims are the same: to raise and improve production and improve economy. However, this is not to mean that we will choose the same methods, Milos Jakes noted.

The Czechoslovak representative said he was especially impressed by the resolve in China to complete the economic reforms and the further enhance them. In China, they respect the realities and show the ability to discard all that has become outdated, he noted.

Milos Jakes said that the exchange of views logically touched also on Kampuchea. We agreed that the sooner the issue is resolved the better, he said. Appropriate conditions must be created for this solution. We consider this question interesting because its solution will open the path to a Soviet-Chinese dialogue which is desired by most countries, Milos Jakes stated.

Answering a question of CTK, he said that his talks with Zhao Ziyang clearly showed that China supports the peace initiatives in Central Europe. This applies to the joint proposal of the GDR, the West German Social Democratic Party and Czechoslovakia to create a zone without nuclear and chemical weapons, as well as Czechoslovakia's initiative proposing to set up a zone of

good-neighbour relations on the line dividing the Warsaw Treaty and NATO, where military armaments would be substantially reduced, the general secretary stated.

Arrives in Nanjing

LD2505200688 Prague CTK in English
1605 GMT 25 May 88

[Text] Nanjing May 25 (CTK correspondent)—Czechoslovak Communist Party General Secretary Milos Jakes today arrived with his entourage in Nanjing, the capital of the Jiangsu Province.

Before his departure from the Chinese capital, he was seen off by Chinese Communist Party General Secretary Zhao Ziyang. Milos Jakes is accompanied by member of the Politburo Standing Committee of the Chinese Communist Party and Vice-Premier Yao Yilin and head of the Central Committee International Relations Department Zhu Liang.

First secretary of the Chinese Communist Party Committee of the Jiangsu Province Han Peixin gave a dinner here tonight in honour of Milos Jakes.

Present were members of Milos Jakes's entourage and Yao Yilin and other officials.

Han Peixin and Milos Jakes delivered speeches at the dinner.

Earlier today, Milos Jakes visited the Great Wall of China and inspected the Juyongguan fortress in the Badaling Pass near Beijing.

BAN YUE TAN on Soviet-Yugoslav Relations

HK2605092188 Beijing BAN YUE TAN in Chinese
No 9, 10 May 88 pp 58-59

[Article by Chen Shirang (7115 6108 6245): "Socialism Can Take a Variety of Forms"—Soviet-Yugoslav Relations As Seen From Gorbachev's Visit to Yugoslavia"]

[Text] Soviet-Yugoslav relations, once full of twists and turns and full of contradictions, have witnessed a cordial atmosphere in recent years. General Secretary of the CPSU Central Committee Gorbachev visited Yugoslavia from 14 to 18 March. This was the first visit to Yugoslavia by the supreme leader of the Soviet Union since Tito's death. It was therefore called by Yugoslav media as "a political event of many-sided significance."

Addressing the Yugoslav Federal Assembly on 16 March, Gorbachev gave an open apology to Yugoslavia for the clash in Soviet-Yugoslav relations in 1948. He said that the accusation against Yugoslav leaders at that time had "no basis." That clash "brought a tremendous loss to the whole socialist cause." He also made it clear to Yugoslav leaders that "socialism can take various forms." "No one can impose his own pattern on others."

People will not forget that since the end of World War II, Yugoslav leader Tito had keenly advocated that "there can be different roads to socialism." It was held that under different conditions in different countries, the various countries had the right to choose its pattern for socialist construction independently. But this argument by Tito met with total rejection and severe condemnation from the Soviet Communist leadership, thus leading to a clash between the Soviet Union and Yugoslavia and a worsening of relations between the two countries. Today, 40 years later, in the language of Soviet leaders, the appearance of such a concept as "socialism can take various forms," with no derogatory sense contained therein, is something unusual. Gorbachev's speech has spelled out the essence of Soviet-Yugoslav relations in history.

In the post-war 40-plus years, Soviet-Yugoslav relations have gone through many stages, or twists and turns, with contradictions and disputes surfacing and subsiding, sometimes serious and sometimes less so. In their approach to the Yugoslavia problem, Soviet leaders in the past had fundamentally based their thinking and actions on concepts within the sphere of influence of the Soviet Union as a big country. They had all along wanted to bring Yugoslavia within the Warsaw Pact group and the "socialist big family." The League of Communists of Yugoslavia led by Tito had all along opposed this policy and put up resolute resistance. Since the period of Khrushchev, every time the leaders of the two countries met, the Yugoslav side had reiterated the principles of the relationship between the two countries, that is, respect for sovereignty, independence, territorial integrity, equality, noninterference in each other's internal affairs, full respect for different patterns and different roads in developing socialism, and recognition that various countries are only answerable to their own respective peoples and working classes. The essence of the clash between the Soviet Union and Yugoslavia at that time lies in a small country's opposition to a big country's hegemonic politics and a struggle between an attempt to exercise control and an effort to fight control.

Since Gorbachev assumed power as General Secretary of the CPSU Central Committee, Soviet-Yugoslav relations have gradually improved. Yugoslavia considers that the Soviet Union has now "taken a completely different view" of the international worker and communist movements. The Soviet Union no longer stresses as before that "the communists in international relations must unconditionally support the Soviet Union's foreign policy," [or stresses that] "the attitude toward the Soviet Union is a matter of principle." Yugoslavia also thinks

that there have been changes in the new Soviet leaders' attitude toward the Nonaligned Movement. Now, "there is no more distinction between which countries are or are not the natural allies of the socialist big family."

In a commentary, BORBA of Yugoslavia said that the Soviet Union now adopts ways relatively compatible with modern spirit in raising certain problems. This can produce a great impact on the whole international situation and on cooperation between countries in the "socialist big family" and the international worker movement and the communist movement.

At present, in Soviet-Yugoslav relations, given the different international positions and policies of the two countries, the roads of development in the two countries are also different. Therefore, there are still differences in their stand on a series of important problems. But it is expected that there will be continuous relaxation in Soviet-Yugoslav relations in the days ahead. Both sides will do their best to avoid any ideological dispute and avoid making each other angry.

In economic relations, the two countries will continue to strengthen cooperation. At present, the Soviet Union ranks first in Yugoslavia's foreign trade, accounting for more than one-third of its total volume of foreign trade. From 1981 to 1985, the annual trade volume between the two countries was about \$7 billion. In the past 2 years, some difficulties have appeared in trading between the two countries. The volume of trade has dropped to \$5.7 billion. But petroleum supplied by the Soviet Union to Yugoslavia every year still accounts for half of Yugoslavia's imports. The 5-year trade agreement signed between the Soviet Union and Yugoslavia in 1986 involved a total of \$40 billion. So long as Yugoslavia still fails to find a better way to break into the Western market, Yugoslavia will continue to depend on the Soviet Union economically.

Song Defu Meets Romanian Student Delegation
OW2405225288 Beijing XINHUA in English
1407 GMT 24 May 8

[Text] Beijing, May 24 (XINHUA)—Song Defu, first secretary of the Central Committee of the Chinese Communist Youth League, and Liu Nengyuan, president of the All-China Students Federation, today met respectively with a delegation from the Union of the Communist Student Associations of Romania led by its Secretary Mariana Diaconescu.

The visitors arrived yesterday.

'Over a Thousand' Soccer Fans Riot in Sichuan
HK2505114488 Beijing ZHONGGUO XINWEN SHE
in Chinese 0845 GMT 25 May 28

[Report: "Soccer Fans Start a Riot in Sichuan's Nanchong"]

[Text] Chengdu 25 May (ZHONGGUO XINWEN SHE)—A vicious riot involving over a thousand of soccer fans in Sichuan's Nanchong. Soccer players and policemen were beaten up, and a police van set on fire; over 130 people were injured, of whom 60 were policemen.

At 1840 (local time) on 23 May, the last game of Nanchong area of the National Youth League was kicked off. The home team was forced into a 1 to 1 draw with the Tianjin team and was therefore disqualified for the finals. Some of the spectators believed that the referee had not been fair. Also, one of Sichuan's main players had been kicked and hurt during the match. Some of the rioters jumped into the field to chase after the Tianjin players, beating them up. More than 1,000 of the spectators blocked the gates of the stadium, while striking the Tianjin players and policemen with bricks and empty lemonade bottles in the field.

At about 2000, five police motor-cars on duty were overturned, while a police van was being set on fire. Later, the hotel at which the soccer players were staying as well as the city Public Security Bureau were under siege and ransacked.

The incident was basically resolved early the morning of 24 May. Some 40 rioters were put under arrest for interrogation. The emergency work team organized and sent by Sichuan provincial government has arrived at the spot, and is making arrangements for the aftermath of the riot, investigating and dealing with the incident.

It is learned that the soccer fans' riot was the most serious one since the 19 May [year not specified] PRC-Hong Kong soccer fans riot.

Police Station 'Sacked'

HK2605111888 Hong Kong AFP in English 1110 GMT
26 May 88

[Text] Beijing, May 26 (AFP)—Football fans sacked the main police station in the southwestern city of Nanchong during a 12-hour football riot Monday and Tuesday, the LEGAL DAILY reported Thursday.

Thirteen police officers were injured when rioters sacked and tried to burn down the police station, the paper said.

Press reports said the rioters also looted some stores.

The LIBERATION ARMY DAILY [JIEFANGJUN BAO] did not mention the attack on the police post in its first report Wednesday on the rioting, which began late Monday and lasted until 0600 Tuesday.

The football rioting, in which more than 130 people were injured including 63 police officers, had begun when a match between Nanchong and the guest team, Tianjin, ended in a tie, dashing a bid by Nanchong for promotion to a higher division.

Local fans invaded the field and began attacking and insulting visiting fans, and at least 43 people were arrested.

Police Vice-Minister Gu Linfang said the incident was "intolerable" and called for severe punishment of the riot's instigators, the LEGAL DAILY said.

The extent of the rioting and the fact that it continued for some 12 hours suggested that it arose more out of general frustrations of young people than sporting passion, analysts said.

Football, a relatively young sport in China, has attracted predominantly young spectators who could pose problems for a society strong on law and order and traditionally not inclined to be lenient toward the younger generation, they added.

Many Chinese youth find that they have no say in where they work, are increasingly facing the problem of unemployment and find little in the way of leisure activities in provincial cities where they find themselves under the watchful eye of the authorities, observers say.

In addition, the steady increase of post-match incidents since the first known football riot, in Beijing on May 19, 1985, has come at a time of mounting discontent over rising prices.

Alarmed by recent surveys showing rising juvenile delinquency, the state has recently launched a campaign against crime, marked by announcements of executions. The death sentence is applied from age 18 in China.

Commentator on Practice as Criterion for Truth
HK2405093488 Beijing HONGQI in Chinese No 9,
1 May 88 pp 2-7

[Commentator's Article: "Emancipation of the Mind and Criterion of Practice—Written to Commemorate the 10th Anniversary of the Discussion on 'Practice Is the Sole Criterion for Testing Truth'"]

[Text] As compared with the previous centuries, a major characteristic of China's history in the 20th century is the spread of Marxism, which has profoundly influenced and will continue to influence China's historical process. There were two great leaps in the combination of Marxism with China's practice. The first leap occurred in the period of the new democratic revolution; and the second leap occurred after the 3d Plenary Session of the 11th CPC Central Committee. The two great leaps were both brought about by a mental emancipation movement, and were both accompanied by the mental emancipation

movement. If we say that the mental emancipation movement represented by the "May 4 Movement" marked the beginning of the first great leap in the combination of Marxism with our country's practice, then the mental emancipation movement represented by the discussion on "practice being the sole criterion for testing truth" of 1978 marked the beginning of the second great leap in the combination of Marxism with our country's practice. Now we can more and more clearly see the important historical significance of the discussion on the truth criterion in the process of the combination of Marxism with China's practice.

Today, the discussion on "practice being the sole criterion for testing truth" has passed for 10 years. The best way to commemorate it is to further advance the mental emancipation movement started by this discussion so as to further emancipate people's minds and emancipate the productive forces under the guidance of the spirit of the 13th Party Congress.

I

On 11 May 1978, GUANGMING RIBAO published a special commentator's article entitled "Practice Is the Sole Criterion for Testing Truth," whose full text was dispatched by the XINHUA NEWS AGENCY on the same day. On 12 May, RENMIN RIBAO and JIEFANGJUN BAO reprinted this article. Then, it was reprinted by newspapers in most provinces, autonomous regions, and municipalities. What is the criterion for truth? Should the criterion be practice, or the "supreme instructions," or political power? Debate over this issue then unfolded throughout the country on a large scale. The huge impact and the intensity of this debate went far beyond people's expectations. As we all know, this debate ended with the full victory of the truth of Marxism in the theoretical, ideological, and political fields.

The philosophical proposition which was the epitome of mankind's civilization and wisdom built up in the past thousands of years and which represented a simple and common truth led to a debate which evoked strong repercussions in society and attracted strong interest among the people, thus becoming the prelude to a new movement of mental emancipation. This was an event rarely seen in history. Such an event is never accidental. Its inevitability existed deeply in our country's history since socialism was established in China, and existed deeply in the process of the changes in the contemporary social and political contradictions in our country.

In the mid 1950's, China entered the initial stage of socialism. The exploiting classes, as a class entity, were eliminated, and the class contradiction was no longer a major social contradiction. However, the supreme leader of our party held that the theory of historical materialism, which was revealed by Marxism as a general law governing the development of human society, was a theory about class struggle because the party for a few decades had always been engaged in waging and leading

class struggle and was used to approaching all social contradictions from the viewpoint of class struggle. In the new historical stage, it was still held that the viewpoint of class and class struggle should be used to "observe and analyze everything" (in fact, even in a class society, the viewpoint of class and class struggle can only be used to explain the phenomena of class and class struggle). As a result, social and political contradictions and other contradictions which were not class contradictions were still treated and handled as class contradictions; and the class contradiction which only existed in a certain scope was regarded as the main social contradiction. This theoretical and guideline mistake caused serious and long-standing errors in our practice work. Things developed as Comrade Deng Xiaoping described: "From 1957, our main mistake was 'leftism,' and the 'Cultural Revolution' was a demonstration of ultra-leftism." (quoted from "Comrade Deng Xiaoping's important speech" p 32) When "leftist" mistakes developed, personality cult and dogmatism also became prevalent, reaching a degree of religious fanaticism during the "Cultural Revolution." The ultra-leftist trend of thought, which had been deified and which had become theory, shrouded and ruled the thinking of the Chinese people like a huge specter. After the Jiang Qing Counterrevolutionary Clique was crushed, the people strongly demanded that the "Cultural Revolution" and previous other "leftist" mistakes be corrected, and firstly the reputation of the Tiananmen Square Incident and Comrade Deng Xiaoping be rehabilitated. However, the leader then in charge of the work of the central authorities put forward an erroneous idea of "two whatevers" (that is, "we must resolutely maintain whatever policies made by Chairman Mao, and constantly follow whatever instructions issued by Chairman Mao) and tried hard to suppress the people's demand.

Comrade Deng Xiaoping took the lead in criticizing the idea of "two whatevers." He put forward an opposite viewpoint, that is, that it is necessary to accurately understand the whole system of Mao Zedong Thought in an all-round way. He pointed out that the essence of Mao Zedong Thought found expression in the idea of "seeking truth from facts." This brilliant idea was quickly understood and accepted by the vast number of cadres and ordinary people. The people more and more strongly, urgently, and extensively called for redressing the wrongs, reversing wrong verdicts, and correcting "leftist" mistakes. However, the then-leader who stuck to the idea of "two whatevers" quoted the "supreme instructions" one after another to obstruct and delay the work of redressing the wrongs and correcting "leftism" in various fields. The struggle brought people's thinking to a higher level: We cannot merely argue about concrete matters; instead, we must first see whether the "policies" and "instructions" were right or wrong, and must have a clear idea about the criterion for distinguishing the right from the wrong in theory and in the general guideline.

Thus, discussion of the issue of the criterion for truth unfolded in the newspapers. The proposition that "practice is the sole criterion for testing truth" was

warmly and sincerely supported by the vast number of cadres and the masses as soon as it was put forth. However, it was strongly opposed by those who stuck to the idea of "two whatevers." At the crucial juncture of the struggle between people who adhered to the practice criterion and people who upheld the idea of "two whatevers," Comrade Deng Xiaoping displayed his great courage and made a series of important speeches to give resolute support to the significant discussion on the criterion for truth. Then, the discussion was quickly spread to all parts of the country. The Marxist thesis that "practice is the sole criterion for testing truth" was then gaining irresistible momentum, and thoroughly destroyed the mental shackles of the "two whatevers." This greatly emancipated the minds of the whole party and the whole nation.

Comrade Deng Xiaoping pointed out: The appearance of the idea of "two whatevers" was not an accidental, isolated event; instead, it represented a trend of thought. Similarly, the nationwide debate about the criterion for testing truth and the opposition of the idea of "two whatevers," were neither accidental nor isolated, but instead represented the inevitability of the development of China's contemporary history and of the development of the social and political contradictions.

In his speech at the central working conference which made preparations for the 3d Plenary Session of the 11th CPC Central Committee, Comrade Deng Xiaoping highly valued this discussion which was of great political significance and of far-reaching historical significance. He said:

"Without breaking the ossification of thinking and without greatly emancipating the minds of the cadres and the masses, we will not be able to realize the four modernizations.

"When everything has to be done by the book, when thinking turns rigid and blind faith is the fashion, it is impossible for a party or a nation to make progress. Its life will cease and that party or nation will perish." "In this sense, the debate on the criterion for testing truth is really a debate about ideological line, about politics, and about the future and destiny of our party and nation." ("Selected Works of Deng Xiaoping" p 133)

Things were indeed so—

This debate made full mental preparations for the realization of the great historical shift at the 3d Plenary Session of the 11th CPC Central Committee and for the reestablishment of the Marxist ideological, political, and organizational lines.

This debate laid a solid ideological foundation for the systematical correction of the guidelines in all fields and the "leftist" mistakes during and before the "Cultural Revolution."

This debate provided a theoretical precondition for reforms, opening up, and the creation of a new situation in socialist modernization after the third plenary session.

This debate set a good example and broke the path for us to break through the long-standing mental shackles of treating Marxism, the theoretical guideline for our guideline, as sacred and rigid dogmas and to use a scientific attitude towards Marxism, thus abandoning the old ideas and theories which were not in line with the practice and creating new notions and theories which are in line with the practice.

II

The discussion on the criteria for judging truth that took place 10 years ago was only the beginning of the great ideological emancipation movement. The intervening 10 years since the discussion have been 10 years of bringing order out of chaos, 10 years of reforming the old and bringing forth the new, 10 years of overall reform and overall construction, and 10 years of constantly emancipating the mind. The emancipation of the mind is a prelude to social change. Without the emancipation of the mind, neither the great victory in bringing order out of chaos, nor the glorious achievements in overall construction could have been possible. The emancipation of the mind over the last 10 years has played an immense role in pushing history forward. As summed up by the 13th congress report, in the course of reunderstanding socialism, the party has developed a series of scientific theories and viewpoints concerning philosophy, political economy, and scientific socialism. These are the achievements of emancipating the mind.

Although the course of emancipating the mind over the last 10 years has been full of twists and turns, its general trend is forward. Under the ideological guidance of emancipating the mind and seeking truth from facts established by the 3d Plenary Session of the 11th CPC Central Committee, the ideological emancipation movement, portraying the personal interests and strong desires of the people, has fallen into line with the trend of the era, coincided with the general development of history, and continued to move forward, despite frantic worships of some authoritative individuals, despite the serious influence of dogmatism, despite heaps of obstacles from the "left," and despite all sorts of interference. We have made breakthroughs and established new concepts as follows:

—We have broken through the outmoded concept that maintains socialism has only one mode, and has established a new concept that different modes will appear in the course of combining socialist principles and different national conditions and that we should take our own road in building socialism with Chinese characteristics.

—We have broken through the outmoded concept of making a superadvanced appraisal of historical development and have established a new concept that China is

still in the initial stage of socialism and that we should proceed from this basic national condition in carrying out reforms and construction.

—We have broken through the outmoded concept of taking class struggle as the key link, giving prominence to politics, and regarding ideological differences more serious than everything else, and have established a new concept that we should develop the productive forces, practice socialist democratic politics, carry out spiritual civilization, and build socialism with emphasis on economic construction.

—We have broken through the outmoded concept under which we regarded the theories and tentative ideas of the founders of Marxism as our program of action and blueprint for construction, strove for the establishment of a single form of socialist ownership by the whole people, and tried to escalate the nature of this ownership; we have established a new concept of taking socialist public ownership as the main body while allowing other ownership forms to coexist with it as necessary and useful supplements.

—We have broken through the outmoded concept that socialism contradicts a commodity economy, that planned mechanism contradicts market mechanism, and have established a new concept that the socialist economy is a planned commodity economy under public ownership, that planned mechanism does not contradict market mechanism, that regulation through state planning is based on the law of value, that the law of value plays a regulatory role under the guidance of state plans, and that the state regulates the market whereas the market guides enterprises.

—We have broken through the outmoded concept of taking democracy only as a means and have established a new concept that democracy is an inseparable part of socialism and that without democracy there can be no socialism.

—We have broken through the outmoded concept of mixing the government with the party and government administration with enterprise management and have established a new concept of separating the government from the party and government administration from enterprise management.

—We have broken through the outmoded concept of putting the development of socialist society on the basis of "continuing the revolution under proletarian dictatorship" or on the basis of "making continuous revolution under socialist conditions"; we have established a new concept that socialist society is a society advancing in the course of reform, that reform is the basic form and an important force propelling socialist society forward, and that reform is the self-perfection and self-development of socialism.

—We have broken through the outmoded concept that socialism contradicts humanism and of belittling the value and principal role of man, and have established a new concept that lays emphasis on the necessity of propagating and practicing socialist humanism and giving wide publicity to the value and principal role of man.

And so on and so forth.

In the new concepts established here, the most important and significant one is the theory of initial stage of socialism. The vigorous development of a socialist commodity economy is the inevitable result of the theory of initial stage of socialism, while the overall reform; namely the reform of the economic, political, cultural, education, scientific, and technological structures; is inevitably required by the vigorous development of a socialist commodity economy. We should have a firm grasp of this basic theory which serves as the guidance to our reform and construction.

The elimination of old concepts and establishment of new ones originate from the practice of reform and construction over the past decade and it in turn also serves as the theoretical mainstay and ideological force giving impetus to reform and construction.

Here we have made a preliminary summarization and explanation of the course of emancipation of minds carried out over the past decade, the ideological and theoretical successes achieved, and their great significance to reform and construction. However, our meditation cannot stop here. We can gain enlightenment for further emancipating our minds in the future from a review of the emancipation of minds carried out over the past 10 years.

Why was the theory of the "great Cultural Revolution" which dominated people for 10 years promptly abandoned in the discussion of "practice is the sole criterion of truth"? Because this theory completely fell through in practice. Why could the system of contracted responsibility based on households with payment linked to output which ran counter to the traditional pattern of "larger size and a higher degree of public ownership" be quickly popularized in the rural areas? Because practice vividly manifested its immense superiority. Why could a breakthrough be made in the traditional concept which set socialism against a commodity economy and which restricted and puzzled people's thinking for a long time since the international socialist movement? Because practice since the October Revolution of the Soviet Union and the founding of the PRC has proved that unity must and can be reached between socialism and a commodity economy. Why could the idea of overall reform be accepted by the whole party and nation? Because the defects of the old system have been exposed in practice. Why could the broad ranks of cadres and masses understand and master the theory of initial stage of socialism systematically expounded in the report to the 13th Party Congress? Because this theory entirely

conforms to the actual situation of China's social history and reality experienced by people in practice. We can draw the following incontestable conclusion from a review of emancipation of minds carried out over the past decade: The criterion of practice is a magic weapon for emancipating our minds. All ideological conventions that restrict people's minds can be eradicated and smashed through the test of practice; and all theories that run counter to practice, irrespective of their authority and no matter how many people support them, can be corrected and eliminated through the test of practice. Factual logic is better than theoretical logic and practical strength outstrips theoretical strength. Practice has a direct, realistic character as well as a universal character. Marx said: "All mysteries which lead theory to mysticism find their rational solution in human practice and in the comprehension of this practice." ("Selected Works of Marx and Engels," Vol 1, p 18) The ideological establishment of the criterion and authority of practice among the broad ranks of cadres and masses has opened up broad prospects for emancipation of minds.

III

Comrade Deng Xiaoping pointed out that the 13th Party Congress has further emancipated the minds of the party and the people and will further emancipate the productive forces.

The 13th Party Congress summed up the theoretical and practical successes of emancipation of minds since the 3d Plenary Session of the 11th CPC Central Committee and systematically set forth and expounded the theory of initial stage of socialism. This theory correctly defined the current position of China's socialist movement, set forth the realistic starting point for our socialist construction and reform, theoretically proved the line, principles, and policies formulated since the 3d Plenary Session of the 11th CPC Central Committee, flatly pointed out that China can only follow this policy rather than any other one, provided the criterion for preventing and avoiding "leftist" and rightist deviations, particularly the "leftist" deviation, and laid down the new theoretical basis for seeking unity of ideological understanding within and outside the party. This theory constitutes the basic summary of the achievements of emancipation of minds carried out since the 3d Plenary Session of the 11th CPC Central Committee as well as the new starting point for us to further emancipate our minds. As pointed out in an editorial of a foreign newspaper issued just after the 13th Party Congress, the theory of initial stage of socialism has "provided people with a brand new, wide field of vision."

Ideological emancipation consists of different contents at different historical stages. Fundamentally speaking, the ideological emancipation we are talking about now refers to the emancipation from the super-period ideological pattern and emancipation from the super-realistic beautiful illusions. This means that we should return to the earth from the heaven, return to the realistic basis

that our country is still at initial stage of socialism, and return to realistic situation of the productive forces in this historical period. This is the fundamental change in the starting point of our theory and practice. We must take productive forces as the basic starting point in observing and solving questions. Therefore, all the things which hinder the development of the productive forces should be negated, eliminated, and replaced whereas all the things which push forward with the development of the productive forces should be affirmed, perfected, and popularized. Thus, our ideological emancipation touches upon a lot of aspects. We need to smash a lot of ideological trammels in the course of our ideological emancipation. At present, the most important thing is that we should free ourselves from the ideological concept which ignores the actual situation of our country's productive forces and regards the abstract socialist principles as the criterion for judging the advantages and disadvantages of our structure and for judging the success or failure of our reform.

Since the 3rd Plenary Session of the 11th CPC Central Committee, we have further pushed forward with the reform step by step. The reform has also greatly promoted the development of the productive forces. However, whenever a new reform measure is put forward, experimented on, or popularized, there are always some ideological and theoretical differences and disputes among us. The implementation of the system of contracted responsibility on a household basis with remuneration linked to output; the emergence of individual economy and private economy; the establishment of Sino-foreign joint ventures, Sino-foreign cooperative enterprises, and enterprises with exclusive foreign investment; the experiment with and popularization of the practice of separating ownership and the management right in the state-run enterprises; the opening up of the markets for the means of production, technology, information, funds, labor services, real estate, and so on; the introduction of competition; the practice of formulating our economic plans on the basis of the commodity economy and the law of value; the separation of the functions of the party from those of the government; and so on have all caused disputes on whether the above mentioned reform measures are socialist or capitalist in nature and have all caused disputes on the question concerning the "orientation" and the "road" [The socialist orientation or the capitalist orientation, and the socialist road or the capitalist road]. However, if we carefully analyze these disputes, we can easily find that those comrades who have doubts or hold negative views towards the above mentioned reform measures always try to compare these reforms with the abstract socialist principles in their own minds to see whether or not these reforms can conform with those abstract socialist principles which were formed under certain historical conditions. When thinking about questions, these comrades do not try to see whether these reforms have pushed forward with the economic prosperity and the production development (This is because the good results of

these reform measures are obvious to all and are undeniable). Those abstract principles in their minds do not originate from their own doctrinal understanding of the scientific socialism, but originate from something which has been wilfully added to the nature and attribute of socialism. Therefore, these abstract principles have strong utopian coloring and utopian components. Thus, to draw a clear line of demarcation between the scientific socialism and the utopian socialism is necessary and conducive to our further ideological emancipation.

The socialist theory founded by Marx and Engels is different from the utopian socialism. The socialist theory founded by Marx and Engels is a scientific theory. The reason we say that the socialist theory founded by Marx and Engels is a scientific theory is because fundamentally speaking, it does not proceed from morality, ideals, good wishes, the concept of equality, and eternal reason, and does not regard socialism as the "public" kingdom which is not based on the realistic situation of the productive forces. On the contrary, the socialist theory founded by Marx and Engels bases the emergence of socialism, the evolution of socialism from one stage to a higher stage, and the development of socialism into communism entirely on the development of the social productive forces. The fundamental difference between the scientific and utopian socialism is whether the social productive forces are regarded as the basic starting point in theory and practice or not. If it is true that the founder of Marxism founded historical materialism (together with the theory of surplus value) and changed socialism from an utopian theory into a science after discovering, in the complex organism of the entire human society, that the productive forces are society's most decisive, then we can say that to ignore the importance of productive forces will certainly turn socialism from a science into a utopian theory.

Just as in the theory of knowledge Marxism attaches primary importance to practice, in the conception of history Marxism also places the productive forces in the first place. Marx pointed out: The productive forces are the basis and starting point of history (see "Complete Works of Marx and Engels," Vol. 46, book 2, p 361). Fundamentally speaking, historical materialism is the historical monism of the social material productive forces. Lenin pointed out: "Regarding the world and humanity materially, Marx and Engels perceived that just as material causes underlie all natural phenomena, so the development of human society is conditioned by the development of material forces, the productive forces." ("Selected Works of Lenin," Vol. 1, p 88) Lenin held that the conditions of productive forces are the principal criterion of social development as a whole. (see "Complete Works of Lenin, Vol. 32, p 224) By placing the criterion of the productive forces first, the report to the 13th Party Congress has brilliantly upheld the Marxist fundamental viewpoint and further deepened and stimulated an ideological emancipation movement with the discussion on the criterion of truth as the beginning.

Contrary to historical idealism, which takes as its criterion abstract socialist principles deviating from the conditions of the productive forces, the report to the 13th Party Congress emphatically pointed out: Helping to expand the productive forces should become the point of departure in our consideration of all problems and the basic criterion for judging all our work should be whether it serves that end. Why is it so? This is because our ability to make China prosperous and strong, to make the people rich, to make education, science, and culture flourish, to consolidate and expand public ownership and the state power of people democracy—in a word, our ability to take full advantage of the superiority of socialism and to steadily enhance its appeal—hinges, in the final analysis, on the growth of the productive forces. In upholding socialism, the first and fundamental thing to do is to devote ourselves to the growth of the productive forces. We must extricate ourselves from the rigid concept of chattering about abstract socialist principles in deviation of the productive forces.

We have expounded above the main contents of the current emancipation of the mind. Here it is also necessary to point out the political environment and social conditions needed for the emancipation of the mind. Comrade Deng Xiaoping pointed out: "Democracy is an important condition for the emancipation of the mind." ("Selected Works of Deng Xiaoping, p 134) Just as beautiful flowers in nature can only bloom in a suitable climate, spiritual flowers can only be in full bloom in an environment of ideological freedom. Heinrich Heine said: The German classical philosophy represents "an important flower of world significance bursting from ideological freedom." (Heinrich Heine: "On the History of German Religions and Philosophies," p 42) In truth, all theoretical achievements have been attained in this way. The liveliness of a social idea, the launching of contention, and the prosperity of a theory cannot depart from an environment of ideological freedom.

Today's world is characterized by a rapidly growing revolution in technology, increasing intense market competition, and a volatile political situation. The labor productivity of our country is only several percent of that of the developed countries and our GNP lags behind many other countries in the world on a per capita basis. Many developing countries have overtaken us in economic development. We are faced with formidable and pressing challenges. We must rouse ourselves, quicken our pace, and do all we can to catch up. However, reform, opening up, and building socialism with Chinese characteristics are an arduous, pioneering undertaking of innovation. New conditions, new things, and new issues are emerging one after another. Many unknown fields are yet to wait for our bold explorations. The new era and the new tasks demand that we should open up our fields of vision, create new concepts, and enter a new realm. However, a dogmatic understanding of Marxism and the wilfully-attached principles often perplex us, the concepts which have developed on the basis of natural economy and rigid structure and which are not suited to

the development of the planned commodity economy tightly shackle us, the negative factors in the feudal traditional culture over the past several thousand years tightly fetter us, the "leftist" and right tendencies, especially the "leftist" tendencies formed over the years, frequently obstruct us, and various one-sidedness and limitations often lead us astray. The 2d Plenary Session of the 12th CPC Central Committee called on the whole party to further emancipate the mind, pointing out clearly the key to opening up the way to continued advance in our reform and construction and carrying forward the fundamental spirit of the 13th Party Congress. Comrade Zhao Ziyang pointed out: Since the 3d Plenary Session of the 11th CPC Central Committee, "ideological emancipation has brought the liberation of the productive forces. In the future, further liberation of the productive forces will still depend on further emancipation of the mind." Under the guidance of the basic line laid down by the 13th Party Congress, let us lead to a higher stage the ideological emancipation movement with the discussion on the criterion of truth as the beginning, push forward reform and opening up, and stimulate the greater and better growth of the productive forces.

Hu Qili Urges Strengthening of Ideological Work
OW2605074888 Beijing XINHUA in English
0710 GMT 26 May 88

[Text] Fuzhou, May 26 (XINHUA)—China's strategy to develop coastal areas will require a strengthening of the Chinese Communist Party's ideological and political work, a senior party leader says.

Hu Qili, a Standing Committee Member of the Political Bureau of the Party Central Committee, made the comment during a six-day inspection tour of Fujian Province that ended Wednesday.

"The party's ideological workers should center on how to develop productive forces and improve economic efficiency," said Hu, a member of the Secretariat of the Party's Central Committee, to local officials.

He stressed the need "to explore new things, study new methods and spread new experience."

Hu said that in the course of introducing the factory director responsibility system, close attention must be paid to proper arrangements of the party's professional political workers.

The party's ideological work is now facing reform which means political workers must develop new approaches.

The prime task of political workers is to help people improve their political awareness, remove their worries and enhance their understanding so that the reforms and the open policy can be promoted.

The reforms meet the needs of mass production and a commodity economy and help build an advanced socialist ideology and culture, he said.

The development of an export-oriented economy and a commodity economy will produce a great impact on the conventional structures, concepts and ideas, he told the local officials.

He described price reform as a "critical juncture" that China has to pass sooner or later.

Forum Discusses Development of Poor Areas
OW2505135588 Beijing XINHUA Domestic Service
in Chinese 1123 GMT 21 May 88

[By RENMIN RIBAO reporter Chen Jian and XINHUA reporter Zhao Ming]

[Excerpts] Suzhou, 21 May (XINHUA)—A "National Forum on East-West Cooperation To Develop Poor Areas," sponsored by the State Council's Leading Group for Economic Development in Poor Areas, closed today. After preliminary screening, the forum selected 141 projects for joint development by developed and poor areas from among a large number of projects proposed by various localities. The stage has been set for the east and west to jointly develop poor areas in a planned and systematic way.

To solve the food and clothing problems for people in the poor areas of our country, the State Council has decided to set aside 1 billion yuan each year to be used as a special discount loan fund during the Seventh 5-Year Plan. This is the 3d year since the start of this loan fund. In view of the backwardness of the county-run industrial enterprises in poor counties, the financial difficulties experienced by the county governments, and the remarkably insufficient ability of these areas to develop themselves, the State Council has given approval for the People's Bank of China and the Industrial and Commercial Bank of China to set up new special loans, called county-run enterprise loans, beginning in 1988. The purpose is to assist these poor counties in developing their industry. The amount of such loans planned for this year totals 700 million yuan. To achieve better results, a series of reforms have been made with regard to the use and management of these loans. The most important reform is that enterprises in developed areas should participate in the development projects in poor areas. The above-mentioned forum was held precisely for the purpose of the successful use and management of these special loans.

In accordance with the State Council's guideline of changing the traditional method for helping the poor and exploring new ways to make investments in poor areas, discussions carried out at the forum focused on using the rich resources, the preferential policies, and the investment already made in these areas to attract and organize enterprises in the eastern developed areas to contract

development projects in the central and western poor areas and to develop wide-spanning and multilayered lateral cooperation between them so as to achieve more efficient results in the use of funds. As can be seen from the initial results of the forum, this idea and the specific reform measures in this regard are well understood by the poor areas and warmly supported by the developed areas. [passage omitted]

The forum took place in Suzhou City, Jiangsu Province. Chen Junsheng, state councillor and head of the State Council's Leading Group for Economic Development in Poor Areas, attended the forum. Also present on the occasion were responsible persons from offices for helping the poor and offices for economic cooperation in various localities, as well as representatives from the People's Bank, the Industrial and Commercial Bank, and the concerned departments of the State Council.

Economists Recommend 5-Day Work Week
OW2505143488 Beijing XINHUA in English
0725 GMT 24 May 88

[Text] Beijing, May 24 (XINHUA)—Two Chinese economic researchers have suggested putting the country on a 5-day work week, today's "PEOPLE'S DAILY" reported.

Wang Xiaolong, researcher at the Research Institute for Restructuring China's Economic System, and Wu Xin from the China Science Promotion and Development Center, agree the new system would give workers a more balanced life.

Now workers complain they are too busy at their jobs and household duties are too time consuming, the paper said, adding workers agree a 5-day work week would ease the physical and psychological burden they now face.

Working 6 days a week, workers say they have little time for study and rest, and this adversely affects their competency level.

According to Wang and Wu, by shortening work time, on-the-job efficiency would be raised, strains on energy supplies and transportation would be eased, and workers' leisure and study time would increase.

But the two researchers said that 5-day work week would only be practicable when enterprises operate at full-load.

Commentator Urges Strengthening Media's Role
HK2605100188 Beijing RENMIN RIBAO in Chinese
22 May 88 p 1

[Commentator's article: "Give Play to the Supervisory Role of the Media"]

[Text] The attempt of the International Bidding Company to ask a foreign firm to give as compensation a limousine for its own use has already been criticized in a circular. Today, our paper exposed this matter to the public.

This case does not look serious, as the company did not really succeed. However, it is serious in nature. It is a dirty trick to seek private interests by means of asking for compensation, which is also a disgrace to our country. If we do not take resolute measures to check such illegal practices in our economic activities, we will be unable to protect the legal economic interests of our country and may bring about great economic. It is necessary for the Ministry of Supervision and the Ministry of Foreign Economic Relations and Trade to handle this matter seriously.

Unhealthy tendencies have been spreading for quite a period of time and have not been effectively checked. Some people regard them as stubborn diseases, but regret that we lack good medicines to cure them. Many people hate to see all this, but with the passage of time, they have gradually become less sensitive toward those unhealthy tendencies and do not feel surprised as they did before. Yet it seems that the unhealthy tendencies have become most powerful and nobody can do anything about them. Actually, there are still some methods. A very important method is to give play to the supervisory role of the media and criticize them openly. Those who are involved in the unhealthy practices, who have taken bribes and committed graft and embezzlement, and who have taken advantage of their power to seek private gains, have actually done dirty things not to be exposed to the public. They are not really fearless but have a guilty conscience and are afraid of laws, afraid of public opinions, afraid of the masses, and afraid of many many things. Just as a new saying goes: "It is the newspaper rather than a circular that is really fearful." It means that those who are involved in unhealthy practices are afraid of public opinions and afraid of being "exposed" to the public by the media.

All the dirty tricks will wilt in the heat of the sun. To expose through the newspaper the illegal practices of some cadres, including a small number of leading cadres, is an important part of developing socialist democracy, extending the range of opening up, and strengthening the supervisory role of the media. If the International Bidding Company, which asked a foreign firm to give as compensation a limousine for its own use, was just criticized in an internal circulation, the matter might have been forgotten very soon after a short time of "deep remorse." However, after it is criticized by the newspaper, under the supervision of the masses, it would have to give more considerations if it wants to repeat the same mistake. At the same time, more people can learn a lesson from it, and future mistakes can thus possibly be avoided. The force of the media is its open and mass nature, which makes it superior to internal circulars. We must give play to the supervisory role of the media and have those who conduct unhealthy practices exposed through developing socialist democracy so that they can not hide themselves.

The report of the 13th CPC National Congress points out: "We should provide wider coverage of the activities of the government and the party through all forms of

modern mass media, to give scope to the supervisory role of public opinion, to support the masses in their criticism of shortcomings and mistakes in work, to oppose bureaucratism, and in general, to combat all unhealthy tendencies." Our paper will give play to our roles in this respect in accordance with the spirit of the 13th CPC National Congress.

Civil Affairs Should Promote 'Social Stability'
*OW2505134988 Beijing XINHUA Domestic Service
in Chinese 1210 GMT 20 May 88*

[By reporter Sun Benyao]

[Text] Beijing, 20 May (XINHUA)—Minister of Civil Affairs Cui Naifu stressed at a national conference of directors of civil affairs bureaus and departments today that civil affairs work should be conducive to promoting social stability and creating a social environment characterized by stability and unity for the reform and open policy and the development of production.

Cui Naifu said: People often associate civil affairs work with assistance to the poor, relief to disaster victims, and preferential treatment to families of soldiers and revolutionary martyrs. These are only some aspects of the work. The nature and characteristics of civil affairs work dictate that it must be conducive to promoting social stability and be aimed primarily at solving social problems and helping people, especially people in need. In spite of the heavy tasks and extensive and diverse areas, we should strive to do a successful job in civil affairs work so as to harmonize human relations, ease social contradictions, and create a sound milieu for the modernization drive.

According to reports, civil affairs work has played an important role in promoting social stability in recent years. Between the eighth national conference on civil affairs held in 1983 and the end of 1987, a total of 845,000 villagers' committees and 87,000 residents' committees were set up across the country; 21,449,000 impoverished households received assistance from the Civil Affairs Ministry, and half of these have improved their livelihood to varying degrees; 43,000 social welfare institutes, nursing homes, orphanages, mental institutions, and other kinds of social welfare facilities accommodating a total of some 600,000 people were built in urban and rural areas; and 3,652,000 people received state pensions. Civil affairs cadres' relief funds often moved disaster victims and the disabled to tears.

Cui Naifu said: The practice shows that by building up the grass-roots power organs, we have promoted political democracy and increased the cohesion of the mass organizations; by providing relief to disaster victims, assistance to the poor, and other kinds of welfare, we have protected the productive forces and enhanced social stability and unity; by adopting various administrative measures, we have fostered socialist ethics; and by giving preferential treatment to Army dependents and

arranging jobs for demobilized servicemen, we have strengthened the unity between the Army and the government and between soldiers and civilians, and accelerated military construction and defense modernization.

He said: Social progress depends on two forces: One is the driving force for promoting the expansion of the productive forces, and the other is the stabilizing force for maintaining social harmony and stability. Only when these two forces coordinate with each other can society advance continuously and develop along a healthy road. The role that civil affairs work plays is that of a stabilizing force.

Cui Naifu said: In the initial stage of socialism, especially under the new situation of reform and opening when reform is the predominant force in all fields, the interests of each social stratum have become diversified, and social contradictions have become complicated. Therefore, an extremely important task in this period is to mediate and ease social contradictions. In view of this, the stabilizing role that civil affairs work plays is of special importance.

Discussing how to bring into full play the stabilizing role of civil affairs work, Cui Naifu said: It is necessary to intensify the building of grass-roots power organs and institutionalize the villagers' and residents' committees, as well as pay close attention to the work of providing relief to disaster victims, social welfare, preferential treatment for Army dependents, and job placement for demobilized servicemen. It is also necessary to exercise proper social supervision, such as the registration of social organizations and marriages, and the dividing and naming of administrative districts. A good job in these areas will help enhance social stability and accelerate China's modernization drive.

'Eye-Witness' Account of Lin Biao Death
*OW2505002288 Beijing BEIJING REVIEW
in English 23-29 May 88 pp 22-26*

[Article by Xu Wenyi: "A Special Mission History Entrusted to Me"—part I; first paragraph is BEIJING REVIEW introduction; boldface as published]

[Text] This is an eye-witness account by the author, a former Chinese ambassador to Mongolia, of events surrounding the plane crash 17 years ago in which Lin Biao, former vice chairman of the Chinese Communist Party and defence minister, died in his attempt to flee the country. Xu's reminiscences of the incident, which include an account of an inspection tour to the area of the crash and subsequent diplomatic negotiations with Mongolia, shed much light on the once mystery-shrouded death of Lin Biao.

It was about 2 o'clock in the early morning of September 13, 1971, when the Administration of China Civil Aviation [as published] (CAC) Trident plane No. 256

crashed near Ondorhaan, Mongolia. Aboard the plane were Lin Biao, who was attempting to flee China by air, his wife and son and six others, and all of them were killed in the crash.

This was a grave incident in the history of the Chinese Communist Party, and a major case in the history of China's diplomacy as well. It was described by foreign news agencies as "China's political mystery."

The incident occurred at a time when Sino-Mongolian relations were improving and the two countries had just exchanged ambassadors. I was only 20 days in my post as Chinese ambassador to Mongolia and history made me a witness to the incident.

Urgent Meeting With Mongolian Vice Foreign Minister
[subhead]

I arrived in Ulaanbaatar, capital of Mongolia, on August 20, 1971, by international train from Beijing to Moscow. On August 24 I handed my credentials to Jamsrangiyin Sambuu, chairman of the Presidium of the People's Great Hural, and begin to make a series of courtesy calls. All went smoothly in a friendly atmosphere.

Totally unexpectedly, the Mongolian Foreign Ministry telephoned at 8 a.m. on September 14 to say that Vice Foreign Minister D. Erdenebileg had asked for a meeting with the ambassador at 8:30 a.m.. Wondering that had happened, I immediately drove to the ministry, accompanied by interpreter Liu Zhenlu.

After a brief exchange of amenities, Erdenebileg said he was authorized by his government to notify me of the following:

"At about 2 o'clock in the early morning of September 13, a jet plane crashed at a place 10 kilometres south of the Berh mine in Henti Province [Aymag], Mongolia. After learning of the incident in the morning, the departments concerned immediately sent people to the spot. They collected evidence which shows that the plane belonged to some unit of the Chinese People's Liberation Army. Unfortunately, the nine people aboard, among them a woman, all died.

"On behalf of my government, I hereby register a verbal protest against the intrusion into our territory by a Chinese military aircraft."

After pointing out that the weather was getting warmer now and that the bodies of the dead needed to be buried in some manner, the vice foreign minister said emphatically: "From this occurrence we have good reason to believe that a Chinese military aircraft has intruded into our territory. The departments concerned are continuing their inspection and we reserve the right to make further

formal representations on the matter. I hope the ambassador will advise the Chinese Government of our position and we expect a formal explanation in the immediate future of the reasons for the Chinese military aircraft's penetration into our territory."

I thanked him for notifying me of the matter. "It is no doubt a regrettable thing that our plane, for reasons not clear yet, crashed in Mongolian territory at a time when relations between our two countries are moving towards normalization," I said. "But I would like to know what the Mongolian side will do to the plane out of humanitarian considerations. Will the Mongolian side please help investigate how the Chinese plane entered Mongolia by mistake? As to the verbal protest raised by the vice foreign minister, I cannot accept it before I have a thorough understanding of all the facts. But I will inform my government of it."

To my question whether we could send people to the area of the air crash, Erdenebileg replied: "We can grant your request. As for why the Chinese plane entered our territory, I believe the ambassador will try to give the Chinese Government the opportunity to offer an explanation in the immediate future. I congratulate you, Comrade Ambassador, on your beginning to perform your duties, and I believe you will work for the improvement of the relationship between our two countries and make contributions to it."

Using the Special Line [subhead]

It was already 9:30 when I returned to the embassy, and immediately I called together the leading members of the embassy and briefed them on my meeting with the Mongolian vice foreign minister. I said that what was urgent to do at the moment was to inform our government of the incident and ask for instructions.

But before long, the comrade in charge of confidential work came and told me that the Mongolian telegraph office said the cable could not be sent out immediately because of troubles on the line and that it would take at least four hours to get the cable through. The embassy did not have a transmitting set at the time: All its cables had to be handled by the Mongolian telegraph office. But how could such an urgent matter be delayed for that long?

When it seemed that we could do nothing but wait, I suddenly remembered that the embassy had a special direct telephone line to Beijing, which had been sealed for more than two years. If the line could be used again, the problem would be resolved, I thought.

The special high-frequency line was first laid between Beijing and Moscow and then between Beijing and Ulaanbaatar in the 1950's, when China and the Soviet Union maintained a close relationship of friendship, it had not been used since Sino-Soviet relations deteriorated and Sino-Mongolian relations became cool. Now I

decided to make an international long distance call to our Foreign Ministry asking for approval to use the special line because of the urgency of the situation. Finally we got the ministry's permission and successfully reported back to Beijing through the special line all we knew about the plane crash. The time was 12:20 in the afternoon.

As I learned later, that morning a meeting chaired by Ji Pengfe, then acting foreign minister, was going on in the Foreign Ministry in Beijing, discussing how to carry out then-Premier Zhou Enlai's instructions on Lin Biao's fleeing, sizing up the situation and considering necessary diplomatic countermeasures. The meeting did not end when our report arrived. Ji quickly went over the report and then told the participants: "The plane has crashed and the people abroad died. What a wonderful end."

The report was rushed to Zhongnanhai, the headquarters of the Party Central Committee and the State Council. The news that "the plane has crashed and the people abroad died" gave great relief to Chairman Mao Zedong and Premier Zhou, both of whom had spent a sleepless night after learning that Lin Biao had fled. Zhou expressed appreciation for the embassy's decision to use the special telephone for quick communication with Beijing under the emergency circumstances.

Message From Beijing [subhead]

At noon on the 14th we were anxiously trying to contact Beijing when we received a call from the Mongolian Foreign Ministry saying a plane was ready and demanding to know when the embassy staff would leave for their inspection of the site. The embassy originally decided that Comrade Sun Yuxian and two aides would go to the spot while I would stay at the embassy waiting for word from China. Considering the insistent Mongolian inquiries, I thought that going to the spot was a matter of grave importance, and that it would be unwise to take any action before receiving instructions from Beijing. So we asked the Mongolian side to postpone the departure of the plane under the pretext that we were not ready for departure. Two hours later the Mongolians called again to urge us to leave. This time we told them the plain truth—that we were waiting for instructions from Beijing. After this they stopped urging us to depart.

At about 6 p.m., instructions arrived at long last: The ambassador must take aides and inspect the site in person. At this I suddenly felt that the matter was much more serious than I had thought. By that time the Mongolian Foreign Ministry was already closed for the day and I decided to break with routine procedure. I requested an immediate meeting with Erdenebileg. He had an appointment with foreign guests that evening, so the meeting was arranged for 8:30 p.m. and took place in his office. I said to him that I had been told by my government to inform the Mongolian Government that the plane that had crashed at about 2 o'clock on the morning of the 13th had probably entered the People's

Republic of Mongolia because of loss of direction. We were sorry for this and were grateful for the Mongolian Government's willingness to provide us with a plane and appoint a high official to escort us to inspect the site. I would personally head the team going to the spot and we would appreciate Mongolian assistance.

The Mongolian vice foreign minister, after listening to my statement, wanted me to clarify whether our explanation of the intrusion of the plane could be understood as a "formal reply." I answered yes, and he further asked me if it was a "final reply." I told him that this was an instruction my government gave to me after it received the first report from the embassy, and therefore it was a formal reply, but I did not take it as a final reply. He enquired where the crashed plane had taken off and where it was heading. I told him frankly that I could not answer his questions at the moment and instead I asked him whether the Mongolian side had obtained any further information about the crashed plane that could be provided to the embassy. He replied that there was none at that moment but that they would inform us if there was anything new.

Erdenebileg was a bit dismayed that the embassy did not send anybody quickly to the site of the crash. He said that more than 50 hours had passed since the plane had crashed and that by the time we go to the spot another 10 hours would pass. He said he did not think we could raise any questions if the corpses had deteriorated too badly. I asked him whether it was possible for the Mongolians to cremate the bodies and let us carry the ashes back. He said cremation was not the custom in Mongolia and therefore it was unlikely that the bodies could be cremated there. He asked us to wait for news of the plane that would carry us to the crash site and to make preparations for the trip.

I reported the meeting to Beijing as soon as I had got back to the embassy. I also asked if it would be all right to bury the bodies at the site, if cremation proved impossible, and transport the remains back to China at an appropriate time in the future. On the morning of the next day, instructions came: Do the utmost to cremate the bodies and bring the ashes back; if cremation is indeed difficult, then take photographs as evidence, bury the bodies deeply on the spot and erect a stela. The remains would be brought back to China later.

The Scene of the Crash [subhead]

At about 1:30 on the afternoon of September 15, the Mongolian Foreign Ministry notified the embassy that the plane would leave for Ondorhaan in half an hour. Sun Yixian, the second secretary of the embassy, Shen Qingyi, the interpreter, Wang Zhongyuan and I had got everything ready, waiting for departure. I brought with me a briefcase, inside which there were a camera and a radio apart from some daily essentials. We hurried to the airport. T. Gotob, head of the consular section of the

Mongolian Foreign Ministry, O. Gursed, special commissioner of the second section, Colonel Sanjaa of the Mongolian Frontier Interior Administration bureau, some specialists in fields such as aeronautics, law and medical examination, and journalists and photographers, were waiting beside an IL-14 plane. It took off at 2:45 p.m. and arrived at a simple airport in Ondorhaan, capital of Hentiy Province, after a one-hour flight which covered 300 kilometres. A vice governor of the province and the head of the airport authority met us. After brief greetings we slipped into two cars and a limousine and started for our destination. After a nearly two-hour ride on the bumpy road we arrived at 6 p.m.

The crash site was situated in a basin some 70 kilometres northwest of Ondorhaan. The sandy basin was 3,000 by 800 metres. It was open and flat, covered everywhere with weeds. The plane must have been landing from north to south. It landed exactly in the centre of the basin and crashed in the southern part of the basin. The burned area of the grassland was 800 metres in length and 50-200 metres wide, resembling a ladder. Looking around, I found remains of the plane, big and small, scattered around the dark grassland. The corpses, covered with white cloth, were especially striking. Around us Mongolian guards were strolling on the endless, deserted plain. It made a desolate picture. Escorted by Mongolians, we walked around, inspecting the spot.

A strip of grass about 30 metres long south of the landing point had been scraped away by the belly of the plane. Parallel to this, on the western side, was a 20-centimetre-deep groove cut by the right wing of the plane. To the south, the rut disappeared and the burnt area started. There were more and larger fragments of the plane and they were scattered more widely. Some 200 metres from the landing point there was a piece that connects to a hatch, and 20 metres to the southwest of that fragment there was a piece of the left wing of the plane which bore the figures 56. At about 320 metres from the landing point there was the door of a hatch, on which was pinned a plastic sign saying "Passengers Stop Here." An engine lay 30 metres away from the door. Going further southward, we saw a chunk of the right wing which bore the two Chinese characters "Zhongguo" (China). The remains of the nose of the plane, which was badly burnt, were found about 530 metres away. A piece of the right wing, on which was painted the two Chinese characters "Ming Hang" (Civil Aviation), lay 20 metres east of the nose of the plane. Beside the character "hang" (aviation) there was a big hole, which was about 40 cm in diameter. An undercarriage lay 80 metres south of the plane's nose and 200 metres south of that a tyre lay intact in the unburnt weeds. Some 60 metres northwest of the nose was the tail. There was an engine to its south and another to its east. The five-star Chinese flag and the plane number "256" on the tail were quite clear. These markings showed without any doubt that the plane was China's CAAC aircraft No. 256.

About 50 metres north of the nose of the plane, nine bodies were spread out with their effects, which had been

piled up by the Mongolians. Most of the bodies were on their backs, faces pointing skyward and burnt beyond recognition. We numbered the corpses from one in the north to nine in the south and took photographs of them from all angles for future identification. Later we learned that No. 5 was Lin Biao; No. 8 was his wife, Ye Qun, the only female of the nine; and No. 2 was their son, Lin Ligu, whose No. 0002 pass for the Air Force courtyard was found on the spot. No. 1 was Yang Zhengang, the driver of Lin Biao's limousine; No. 3 Liu Peifeng; and No. 4 was special mechanic Shao Qiliang, who wore a leather jacket and was the only one whose clothes were not totally burnt. No. 6 was air mechanic Zhang Yankui and No. 7 was another mechanic, Li Ping. No. 9 was the pilot, Pan Jingyin. Unlike the bodies in most airplane crashes, these bodies were not burnt to bones; instead, their torsos were basically intact. They were seriously burnt and deformed, with their flesh broken and bones exposed. This was caused by the impact and sudden fire when the plane crashed. Because of the carbon monoxide intoxication that accompanied the fire, the corpses went cherry red beneath the skin and because of exposure in the open for too long, they had all swollen up like people made of wax. It was noteworthy that none of the nine wore wristwatches or shoes. It seemed that they had prepared to avoid being hurt before the emergency landing.

My initial impressions about the spot were: First, the Mongolians had basically preserved it well. They covered the bodies with white cloth to prevent decomposition. They admitted that some documents and personal effects such as watches had been gathered and preserved, but they did not go into details. Second, the plane made an emergency landing for reasons unknown to all and the passengers of the plane apparently prepared for the landing, but the aircraft lost its balance when it landed and the right wing touched the ground, causing an explosion and fire. Third, there was a PIA mark, which represents Pakistan International Airlines, on a rug in the plane. This indicated that the plane was brought from Pakistan. But we did not know who the crew members were or why it had crashed in Mongolia. I felt all the more confused after seeing the spot.

The burial of the bodies [subhead]

It was dark when the inspection was completed. Our Mongolian escorts insisted that it is not the Mongolian custom to cremate bodies and therefore the corpses had to be buried. They proposed to choose a grave site immediately, dig the grave that evening, and bury the bodies the next day. I agreed. According to Mongolian custom, the site of a grave must be on high land where there is sunlight all day. This is supposed to be auspicious. Leading us around to look for a site, Colonel Sanzhaa finally chose an area on high land northwest of the main part of the plane. He moved a team of soldiers to the area immediately and asked me to demarcate with a shovel the limits of the grave in accordance with the

direction he designated. By then night had already fallen and gusts of autumn wind were blowing, making me feel chilly although I was in my leather coat.

By the time we got back to Ondorhaan it was past 10 o'clock in the evening. We were all staying at the same hotel. After washing up, we went downstairs to have meal. During the meal Gotob spoke of writing a formal report on the inspection of the spot. I said we should discuss the burial to take place the next day. I made four suggestions. The first one was to erect a marker beside the grave and inscribe the following words: Tomb of the Nine Comrades Killed in the Crash on September 13, 1971, Embassy of the People's Republic of China to Mongolia. My second suggestion was to follow the Mongolian custom and put a fragment from the crash, such as the wing which bore the sign CAAC, on the grave. Third, I asked for the return of the documents and property of the dead, for which we could offer a receipt. And fourth, I said it would be appreciated if the Mongolians could draw a sketch of the spot and mark the latitude and longitude. Gotob said that they would have to study these proposals and report to his superiors. It was midnight when the meal was over. We were about to go to bed when the Mongolians asked to talk about the formal report of the incident, which would include records of the on-the-spot investigation, the examination of the bodies and the burial. The talks lasted until 3 a.m.

On September 16, the weather was fine. At 10 a.m. escorted by Mongolians, we went back to the crash site.

Mongolian soldiers placed nine coffins beside the corpses. We took photographs of the bodies from different angles and then put them into the coffins. The Mongolians then carried the coffins to the grave, which was situated on an eastern slope of a rise 1.1 kilometres west of the site. The grave was 10 metres long, 3 metres wide, and 1.5 metres deep. Just before the burial, Gotob suggested that a black and red cloth be placed on the coffins according to Mongolian custom. I gave my consent and thanked them for their kindness.

The Mongolians proposed that we continue our discussions while the soldiers were burying the bodies. The talks, conducted in a limousine, mainly centred on the Document on the Burial of the Crew of a Crashed Plane of the People's Republic of China, drafted by the Mongolians. To avoid an argument given the circumstances, I said that the document, as a supplement to the first report that was proposed, could be simpler and dwell only on how and where the nine bodies were buried. Then the conversation turned to what should be taken from the plane and placed on the grave. Wang Zhongyuan suggested a broken piece from the engine, to which the Mongolians agreed. When everything was settled, Sun, Shen, Wang, and I bowed three times to pay our respects to the dead. When I thought about this later, I felt it was ridiculous, but at that time we were in a foreign country and unaware of the truth, and we had to do as we did. I hope people will not blame us for that.

East Region

Fujian Suffers 'Serious Losses' in Floods
*HK2505091488 Beijing ZHONGGUO XINWEN SHE
in Chinese 0931 GMT 23 May 88*

[Report: "Floods in Fujian Are Serious"]

[Text] Fuzhou, 23 May (ZHONGGUO XINWEN SHE)—Big floods resulting from torrential rains over the past few days have caused serious losses to Fujian Province. As revealed by the relevant provincial department this morning, in Jiangyang Prefecture the floods have left 78 people dead whereas 204 others have been injured and 1 is missing. The province is still investigating the details of losses throughout the province.

Floods coming from the upper reaches of the Min River have submerged 310,000 mu of farmland and industrial crops in Jianyang Prefecture in northern Fujian, washed away some 60,000 domestic animals, and washed out 440 large and small bridges as well as about 1,200 dikes, dams, and aqueducts. Industrial production has been brought to a complete standstill in Pucheng County. One hundred and twenty-six factories and enterprises in the four counties of Jianyang, Chongan, Jianou, and Zhenghe have stopped operating.

Officials at all levels in the province have plunged themselves into busy combat against the floods. Governor Wang Zhaoguo arrived in Jianyang Prefecture, which has been hit most seriously by the floods, at 2000 last night to guide relief work. Fuzhou city has organized 20,000 soldiers and 15,000 militiamen and workers in an effort to protect the Min River dikes. A relief team sent by Jiangyang County has saved 1,200 people who had been surrounded by floods since 2200 on 21 May and has also saved property worth 3 million yuan.

At 1100 this morning one of our reporters learned from the flood control office of the Fujian provincial Water Resources and Electric Power Department that torrential rains in the upper reaches of the Min River have basically stopped and that rainfall has shifted southward and diminished. The water level of the Min River in Nanping City dropped by 2 meters at 0600 this morning.

Jiangsu Secretary on Propaganda, Ideological Work
*OW2505134388 Nanjing Jiangsu Provincial Service
in Mandarin 2200 GMT 21 May 88*

[Text] The provincial forum on propaganda and ideological work, sponsored by the provincial party committee, concluded in Nanjing on the afternoon of 21 May after 4 days of study, deliberations, and discussions. Comrade Han Peixin made an important speech at the forum.

In his speech, Comrade Han Peixin laid specific emphasis on the correct view one should adopt with regard to the position and role of propaganda and ideological work in the new period. He said: The history of the party

shows propaganda and ideological work has always been a major component of our party's work. Propaganda and ideological work has played an immense role in the period of new democratic revolution and in the cause of socialist revolution and socialist construction. However, we must also see that there are now some comrades who don't have a very clear understanding about this. It is therefore necessary to emphasize the need to make people inside and outside the party, especially leading party and government cadres at various levels, acquire a new understanding of the position and role of propaganda and ideological work in the new period. Everyone should deeply understand that the party's propaganda and ideological work constitutes an important component of the work of the party as a whole, and that it provides a major guarantee that the party will effectively exercise correct leadership in the new period. One should deeply understand that strengthening propaganda and ideological work will have a great impact on our success in promoting socialist material civilization and spiritual civilization and democratic politics and that it [words indistinct] in building socialism with Chinese characteristics. One should deeply understand that only when we strengthen propaganda and ideological work and earnestly promote ideological building of the party will our party be able to stand the test (?of running the government) and the test of reform and opening to the outside world. In the new period, the party's propaganda and ideological work should be promoted instead of being neglected. The position and role of this work have become even more important instead of becoming diminished.

Comrade Han Peixin stressed in his speech that there are five areas in which a party committee must do its work well in order to strengthen its leadership over propaganda and ideological work in the spirit of reform. First, it must implement completely and correctly the party Central Committee's various guiding principles on propaganda and ideological work and adhere firmly to the correct orientation for propaganda and ideological work in its own locality. Second, it must assume overall responsibility for the reform and four modernizations drive in the locality and make overall arrangements for propaganda and ideological work for a given period. Third, it must have a capable leading body in charge of its propaganda department and recommend key cadres for the propaganda, ideological, and cultural departments of the local governments. Fourth, it must coordinate carefully the efforts of its various departments, the various government units, and various mass organizations in carrying out their propaganda and ideological work and provide guidance concerning principles and policies to the propaganda, ideological, and cultural departments in regard to their reforms and construction. Fifth, it must pay good attention to propaganda and education within the party and strengthen leadership over mass propaganda and ideological work, particularly when dealing with the questions of economic prosperity and the honesty of party and government offices.

Comrade Han Peixin expressed his hope that comrades doing propaganda and ideological work will strengthen the concept of reform, clearly realize their historical responsibilities, foster a sense of responsibility and honor, have self-respect and conduct themselves with dignity, and do their work with a creative mind so as to make contributions in exploring new approaches to propaganda and ideological work for the new period.

Jiangxi Governor Visits Commodity Fair
OW2505140388 Nanchang Jiangxi Provincial Service in Mandarin 1000 GMT 20 May 88

[Text] The Local Products Trade Fair of Yichun Prefecture began in the (Yuandu) Trade Center of Nantong City today. The products on display include more than 2,000 commodities produced by 10 counties and cities. There are 51 products of superior quality above the provincial level.

Yesterday morning, Governor Wu Guanzheng viewed the products on display at the Local Products Trade Fair of Yichun Prefecture.

Privately Owned Jiangxi Company To Issue Shares
OW2605013588 Beijing XINHUA in English 1147 GMT 25 May 88

[Text] Nanchang, May 25 (XINHUA) — China's largest privately-owned shareholding company, recently set up in Nanchang, Jiangxi Province, is to issue one million yuan of shares soon.

The company, whose principal shareholder and board chairman is Chen Mugen, keeps bees to make honey. The share issue will increase the company's assets to four million yuan. The company hopes to increase annual output value to 10 million yuan and earn 800,000 yuan of profits by the end of this year.

Shareholders will be paid interest on their shares at 12 percent and no less than 2.5 percent in dividends. Chen has promised that if shareholders are not paid dividends on time he will pay out of his own pocket.

The company currently has 400 hives which produce 20,000 kg of honey annually, yielding a turnover last year of seven million yuan.

Chen formed the company investing all his fixed assets and 1.5 million yuan of circulating funds.

7th Shandong People's Congress Holds Session

3d Meeting Ends

SK2605080388 Jinan Shandong Provincial Service in Mandarin 2200 GMT 24 May 88

[Text] On the morning of 24 May, the third meeting of the seventh provincial People's Congress Standing Committee ended at the meeting hall of the Zhenzhuquan Auditorium.

The morning plenary meeting adopted a namelist of provincial government personnel by secret ballot, which was submitted to the congress session for appointment by Governor Jiang Chunyun. Through supplementary elections, Yu Yanhao was elected member of the Financial and Economic Committee of the provincial People's Congress and (Zhou Baorui) and (Ma Degui) were elected members of the Nationalities, Overseas Chinese Affairs, and Foreign Affairs Committee of the provincial People's Congress.

The meeting also adopted the Shandong Provincial People's Congress Standing Committee's method on maintaining ties with deputies of the provincial People's Congress and a decision on implementing the PRC'S Organic Law for the Villagers Committee on a trial basis; heard an explanation given by (Ji Xuemeng), secretary general of the provincial People's Congress Standing Committee, on revising the relevant articles of the provisional regulation on land management in Shandong Province's economic and technological development zone; and adopted a decision on revising the relevant articles of this regulation and a resolution of the provincial People's Congress Standing Committee on strengthening Xiaqing He pollution prevention and control.

The meeting also adopted a report on the appointment and removal of cadres of some prefectural and city people's courts and people's procuratorates.

Xiao Han, vice chairman of the provincial People's Congress Standing Committee, presided over the plenary meeting on the morning of 24 May. Li Zhen, chairman of the provincial People's Congress Standing Committee, and Lu Hong, Wang Shufang, Xu Jianchun, Lin Ping, Xu Sen, Yan Qingqing, Li Ye, and Ma Xutao, vice chairmen of the provincial People's Congress Standing Committee, attended the meeting. Also attending as nonvoting members were Meng Zhaoju, president of the provincial Higher People's Court, and Zang Kun, chief procurator of the provincial People's Procuratorate.

Appoints New Personnel

SK2605080788 Jinan Shandong Provincial Service in Mandarin 2200 GMT 24 May 88

[Text] In line with Governor Jiang Chunyun's proposal and through the adoption by the third meeting of the seventh provincial People's Congress Standing Committee, the congress session decided to appoint Wang Yuyan as chairman of the provincial Planning Commission. Ma Shizhong was appointed to concurrently serve as chairman of the Shandong Provincial Foreign Economic Relations and Trade Commission; (Lin Ruotian) was appointed director of the Shandong Provincial Supervision Department; (Zhang Qinglin) was appointed director of the Shandong Provincial Public Health Department; (Fang Xiang) was appointed director of the Shandong Provincial Auditing Bureau; and (Xie Chenghao) was appointed director of the Foreign Affairs Office of the Shandong Provincial People's Government.

Shandong's Liang Buting at Directors Forum
SK2605075188 Jinan Shandong Provincial Service
in Mandarin 2200 GMT 21 May 88

[Text] The forum of secretaries general and directors of general offices throughout the province concluded in Jinan on 21 May after a 4-day session. During the forum, the participating comrades held group discussions in line with the spirit of the 13th CPC Congress and the 10th plenary session of the 4th provincial party committee on the issue of how to have the general offices under the party committees meet the demand of the new situation after separating party affairs from the government work, how to better play their role as advisors and assistants, and how to further do a good job in conducting their work.

During the discussion, they contended unanimously that under the new situation in which party affairs have been separated from government work, tasks undertaken by the general offices are heavier and the demands for their work are higher. To meet the need of such a situation, general offices at all levels should enhance the collection of reference materials, do a good job in carrying out investigation and study, and pay attention to conducting reforms in the methods of investigation and study by proceeding from the party committee's macropolicy decisions.

Efforts should be made to enhance coordination work in a comprehensive way and to formulate the rules of procedure in order to gradually systemize and standardize various work. We should also enhance the collection of information and further expand the fields of providing information so as to offer a basis for the party committee to make policy decisions correctly.

Efforts should be made to strengthen the work of examining or handling cases so that the party committee's policy decisions are implemented; to enhance the work of handling letters from the people and the people's visits; and to form close ties among the party, government, and the masses.

Leading personnel of the provincial party committee paid great attention to the forum. Liang Buting, secretary of the provincial party committee, and Lu Maozeng, deputy secretary of the provincial party committee, attended the forum and put forward the expectation and demands on how to have general offices be successful in their work under the new situation.

Gao Changli, member and secretary general of the provincial party Standing Committee, attended and addressed the forum.

Shandong Forum on Political Structural Reform
SK2605083588 Jinan Shandong Provincial Service
in Mandarin 2200 GMT 25 May 88

[Text] The provincial forum on political structural reform concluded in Jinan on 25 May. Lu Maozeng, deputy secretary of the provincial party committee,

attended and addressed the forum. Discussions were held at the forum on the short-range goals of our province's political structural reform and the work focus for this year and the next. The Shandong Provincial CPC Committee's forum on political structural reform was summarized.

Comrade Lu Maozeng pointed out in his speech: The major tasks of our province's political structural reform for this year and the next is to make progress in separating the party and government, separating government functions from business management, changing functions, delegating power to lower levels, and reforming the personnel system related to cadres by first solving the problems which hinder economic development, by focusing on supporting, improving, deepening, and facilitating our province's economic structural reform, and so that enterprises and the rural economy can be invigorated.

Comrade Lu Maozeng emphasized: In carrying out political structural reform, we should master policies, implement conscientiously the principle of being resolute and prudent, persistently take the development of productive forces as the criterion for judging reform, and gain the initiative in political structural reform. Meanwhile, we should strengthen leadership. Major responsible comrades of various city and prefectural party committees should attend to this work personally, assign one deputy secretary to handle the specific work related to it, and organize competent work organs.

We should organize the masses of party members and cadres to conscientiously study the guidelines of the 13th party congress and the theses concerning political structural reform so as to arouse their enthusiasm and initiative in participating in political structural reform. All localities should now conduct comprehensive and thorough investigations and study and explore ways to carry out political structural reform so that a solid foundation can be laid for opening up a new situation in political structural reform.

Gao Changli, member of the Standing Committee of the provincial party committee, presided over the forum.

Shandong Delegation Returns From Australia
SK2505011888 Jinan Shandong Provincial Service
in Mandarin 2200 GMT 21 May 88

[Text] A six-member delegation of the Shandong provincial government, led by Vice Governor Ma Zhongchen, returned to Beijing on 21 May after ending its friendly visit to the Australian State of South Australia.

During his stopover in South Australia, Vice Governor Ma Zhongchen presided over the opening ceremony for Shandong Province's economic and trade exhibition held in South Australia. He exchanged views with the relevant departments of the South Australian Government on economic and technological cooperation

between Shandong Province and South Australia, and held the third meeting of the joint committee of Shandong Province and South Australia.

At the meeting, both sides reviewed the past cooperation and exchange in the economic, trade, scientific, technological, cultural, and public health sectors; examined prospects for further cooperation and exchange; reached some substantive agreements; and held an economic seminar between Shandong Province and South Australia. More than 150 persons from industrial and commercial circles in South Australia, attended the seminar. During the seminar, Vice Governor Ma Zhongchen held talks with the exhibition's leader on Shandong's economy, foreign trade, and policies on opening to the outside world.

Bannon, the premier of South Australia, gave a speech in which he called on businessmen in South Australia to invest more in Shandong in an effort to promote closer economic and foreign trade ties between South Australia and Shandong.

During its visit, the delegation reached and signed agreements with South Australia on banking, agricultural cooperation, and construction of a jointly financed wool washing plant.

During its stopover in South Australia, the delegation also visited plants, farms, livestock farms, and cultural and educational facilities and held friendly contacts with principal persons of the Shandong branch of the Australia-China Friendship Association.

Shanghai Mayor Addresses Export Work Conference
OW2505135388 Shanghai City Service in Mandarin
2200 GMT 21 May 88

[Excerpts] A municipal work conference was held on the afternoon of 21 May to convey the guidelines of the national work conference on the export of machinery and electrical products and to set the export targets for this year. Zhou Jiannan, adviser to the Central Financial and Economic Leading Group, and Shanghai Mayor Zhu Rongji made important speeches at the conference. They urged Shanghai to make the best use of its advantages and increase the exportation of machinery and electrical products while developing an export-oriented economy. [passage omitted]

In his speech, Zhou Jiannan said: It is a government policy that enterprises will be able to retain above-quota foreign exchange earnings from the export of machinery and electrical products, and be held responsible for their profits and losses. Shanghai, as a leading open city in China, should explore the international market in a systematic and guided manner so as to increase the export of machinery and electrical products.

Zhu Rongji said in his speech: In increasing the exportation of machinery and electrical products, it is necessary to, first of all, concentrate efforts on key export products; second, pay close attention to export commodities in general; and third, bring into play Shanghai's advantages in developing the export of high-quality whole sets of equipment. Shanghai can find markets for its whole sets of power generating, chemical engineering, and light industrial equipment in Southeast Asia and other developing countries.

Zhejiang People's Congress Ends Session
OW2505134788 Hangzhou Zhejiang Provincial Service
in Mandarin 0900 GMT 18 May 88

[Text] The third session of the seventh provincial People's Congress Standing Committee ended this morning. Vice Chairman Wu Minda presided over the meeting. The meeting approved the personnel appointments and dismissals proposed by the responsible persons of the provincial Higher People's Court and provincial People's Procuratorate with a show of hands; decided the namelists of personnel appointments proposed by Governor Shen Zulun by secret ballot; examined and approved a decision on Zhejiang's financial accounts for 1987; examined and approved the regulations of the Ningbo Economic and Technology Development Zone; and examined and approved the namelists of the credentials committee of the seventh provincial People's Congress Standing Committee.

Chairman Chen Anyu, and Vice Chairmen Wu Zhichuan, Wang Qidong, Wang Yumin, and Yang Bin attended today's plenary meeting.

Zhejiang Secretary Addresses Women's Congress
OW2505143588 Hangzhou Zhejiang Provincial Service
in Mandarin 0900 GMT 20 May 88

[Text] The Eighth Zhejiang Provincial Women's Congress opened solemnly in the Great Hall of the People in Hangzhou today.

Present at the meeting were 963 official, 63 specially invited, and 62 nonvoting delegates from every front, including the industries, agriculture, finance, trade, science and technology, culture, education, public health, and political and judicial organs.

Provincial party and government leaders Xue Ju, Shen Zulun, Chen Fawen, Chen Anyu, and Shang Jingcai, together with the responsible people of the provincial Military District, attended today's opening ceremony.

On behalf of the provincial party committee and government, Xue Ju, secretary of the provincial party committee, extended warm greetings to the congress. He affirmed the achievements scored by the [words indistinct] and the provincial Women's Federation during the 5 years since the seventh provincial women's congress. He said: The work of the Women's Federation under the

new situation, like every other front, faces the challenge of deepening reform. An important aspect of the reform is to strengthen the call of the Women's Federation to the broad masses of women to band together under its banner. He called on the party committees at all levels to have full respect for women's federations at all levels, particularly the decisionmaking power of grass-roots women's federations, and to give them a free hand in initiating various activities to meet the needs of the broad masses of women. The Women's Federation itself must also try to improve its functions, change its tendency to operate like a rigid administrative organ or institution, and concentrate its efforts on the work at grass-roots levels and on the ideological work. Xue Ju called for effective measures to check and correct resolutely those backward phenomena that endanger and harm seriously the sound physical and mental conditions of women and children. In particular, he called for cracking down on illegal and criminal activities without leniency.

On behalf of the Seventh Executive Committee of the provincial Women's Federation, Comrade Liu Meiling delivered a report entitled: Making Persistent Efforts To Dedicate Ourselves to Reform and to Struggling for Further Emancipation of Women.

Zhejiang Universities Help Boost Economy
OW2505143188 Beijing XINHUA in English
0727 GMT 24 May 88

[Text] Hangzhou, May 24 (XINHUA) — East China's Zhejiang Province and the State Education Commission are jointly planning a program to make better use of local institutions of higher learning to boost local economy.

According to a commission official, preparations include a board of directors, a development company, and an assessment committee for the projected Hangzhou-Jiaxing-Huzhou Development Zone.

Covering 34,000 square kilometers, the zone will manufacture products for both the domestic and international market, the technological level of processing industries in the zone will be raised, and several new factories will be built and fitted out with the latest technology.

For each of the next 5 years, banks will provide 20 million yuan (5.4 million U.S. dollars) for the zone's development, while Zhejiang authorities will allocate a one-time 14 million yuan (3.8 million U.S. dollars) for interest subsidies.

Zhejiang is known for the province's ample supplies of grain, cotton, oil-bearing seeds, tea, silkworm cocoons, bamboo, fish, and goat skins.

Central-South Region

6th Guangdong Party Congress Holds Meetings

2d Plenary Meeting
HK2505133888 Guangzhou Guangdong Provincial
Service in Mandarin 1030 GMT 24 May 88

[Text] The second plenary meeting of the sixth provincial party congress was held this afternoon in the auditorium of the provincial party committee.

The plenary meeting was presided over by Xie Fei, secretary general of the sixth provincial party congress.

Through voting by a show of hands, the plenary meeting adopted the Electoral Method of the Sixth Guangdong Provincial CPC Congress as well as a namelist of chief pollster, deputy chief pollster, and pollsters.

To implement the method of nominating more candidates than the number of posts to be elected, the plenary meeting preliminarily selected through voting candidates for the membership of the Sixth Guangdong Provincial CPC Congress as well as candidates for the membership of the Guangdong Provincial CPC Discipline Inspection Commission.

A namelist of probationary [yu bei] candidates for the membership of the sixth provincial party congress and a name list of probationary candidates for the membership of the provincial Discipline Inspection Commission were put forward by the fifth provincial party committee Standing Committee. The lists were then discussed and examined by the second meeting of the presidium of the sixth provincial party congress. Next, the lists were deliberated on and discussed repeatedly by all delegations to the provincial party congress. The lists were then studied and voted on by the Presidium of the sixth provincial party congress prior to submitting them to today's plenary meeting for conducting preliminary selection.

A total of 743 delegates to the sixth provincial party congress attended today's plenary meeting. The 743 delegates accounted for more than half of the delegates that should be present at the meeting, thus forming a quorum.

Secretary Delivers Report
HK2505134688 Guangzhou Guangdong Provincial
Service in Mandarin 0400 GMT 23 May 88

[Text] In his work report at the sixth provincial CPC congress, Comrade Lin Ruo said: In the new historical period, we must strive to enhance the building of our province's spiritual civilization to a new plane and find a new way to develop the building of spiritual and material civilization in a coordinated way.

Lin Ruo pointed out: While carrying out reform and opening up and developing the commodity economy, if we do not do well in grasping the building of spiritual civilization, we shall lose the correct political orientation of economic construction and many bad trends will come into being. The building of spiritual civilization must, therefore, serve socialist modernization and must be grasped together with the building of material civilization.

As to how to develop the building of spiritual and material civilization in a coordinated way, Lin Ruo talked about four aspects of work in his report:

1. Party organizations at all levels must place great importance on the building of spiritual civilization and take effective measures to mobilize the forces of all quarters to do this work well together.
2. It is necessary to carry out building spiritual civilization and to step up building the ideological and cultural fronts.
3. It is essential to adhere to the principle of introducing and resisting to some extent and to deal correctly with foreign culture.
4. It is imperative to implement completely the policy of letting a hundred flowers blossom and a hundred schools of thought contend for promoting the progress of arts and the sciences.

Guangdong Province Brokerage Firms Flourish
OW2505112298 Beijing XINHUA in English
0638 GMT 24 May 88

[Text] Guangzhou, May 24 (XINHUA) — Brokerage firms are sprouting up in south China's Guangdong Province to tackle two perennial problems in the Chinese business world — material shortages and marketing snags.

In the Pearl (Zhujiang) River Delta, where the provincial capital, Guangzhou, is situated, the nearest broker is only a telephone call away, an official said with pride.

The official said brokers are offering services in industrial products, agricultural products, production materials, and technological products.

He noted an example of the 200 enterprises in Shiken Village in Nanhai County, which used to have a tough time getting the more than 10,000 tons of steel they needed every year.

Last year, the village organized a team of 20 brokers to arrange the supplies and find markets, too. The problems have eased.

The official said seven brokers' exchanges have been set up in Guangzhou since the first opened the end of last year. Some have begun to offer classes to train staff.

More than 1,100 brokers in the city have been licensed.

The brokers' exchange of the Guangdong Provincial Commerce and Trade Center has clinched 13 deals and earned more than 2 million yuan in fees for services.

Hainan Holds Forum on Nationality Affairs
HK2505133488 Haikou Hainan Provincial Service
in Mandarin 1000 GMT 21 May 88

[Excerpts] A Hainan forum on nationality affairs, cosponsored by the United Front Work Department of the CPC Central Committee, the joint working group of the Nationalities Committee of the Seventh NPC and the State Nationalities Affairs Commission, the Committee for Establishing Hainan Province, and the Hainan provincial government, was held in Tongza City from 19 to 20 May. Present at the forum were the mayors of Sanya and Tongza Cities, the magistrates of the autonomous counties of Baoting, Qiongzong, Baisha, Changjiang, Ledong, Dongfang, and Lingshui, and some former leading comrades of the Hainan Li and Miao Nationality Autonomous Prefecture.

Wang Yuefeng, member of the Standing Committee of the Preparatory Committee for Establishing Hainan Province and responsible person of the Hainan provincial government, presided over and addressed the forum. Xu Shijie, secretary of the Preparatory Committee for Establishing Hainan Province; Li Gui, vice chairman of the Nationalities Affairs Committee of the Seventh NPC; Jiang Ping, adviser to the United Front Work Department of the CPC Central Committee, also delivered speeches at the forum.

Comrade Xu Shijie said: After Hainan Province was founded, our key task is to develop the productive forces. Only when the productive forces are developed, will we be able to speed up the development of the commodity economy and the process for minority nationality inhabited areas to get rid of poverty and to get rich. Our leading people at all level must take it as a priority task to assist minority nationality inhabited areas in getting rich. Now we have many favorable conditions in Hainan. We must work in a down-to-earth manner with full confidence and make every effort to develop the productive forces. In developing the commodity economy, every city and county has its own advanced typical cases, and it is necessary to properly sum up and popularize the experience of these typical cases. With good experience to light up our way ahead, we will be aware of our difficulties and problems. There are bright prospects for development of the productive forces in minority nationality inhabited areas.

In his speech Comrade Wang Yuefeng emphasized: The central part of our work in minority nationality inhabited areas is to develop the productive forces there. At present, the per capita annual income of hundreds of thousands of people of minority nationalities in Hainan still remains below 200 yuan. All local authorities should earnestly sum up their experience and do a better job in assisting the poor in getting rich. [passage omitted]

New Hubei Government Holds First Meeting
HK2505102888 Wuhan Hubei Provincial Service
in Mandarin 1130 GMT 22 May 88

[Text] Governor Guo Zhenqian yesterday afternoon presided over the first routine meeting of the newly elected government, discussing and approving rules and regulations for work of the provincial government. It also made preparations for the first provincial government meeting.

Attending the meeting were Vice Governors Xu Penghang, Han Nanpeng, and Han Hongshu as well as the provincial government General Secretary (Wu Yumin).

Hunan Progresses in Readjusting Cadre Structure
HK2505125888 Changsha Hunan Provincial Service
in Mandarin 2200 GMT 23 May 88

[Text] Our province has made marked progress in readjusting the cadre structure. As of the present time, 70 percent of the task of selecting and transferring 6,100 cadres has been completed. Our province has basically ensured that the three parties—the departments which have increased the number of cadres, the units which have been readjusted, and the personnel who have been transferred and selected—are satisfied.

Southwest Region

7th Sichuan Congress Standing Committee Meets
HK2505140288 Chengdu Sichuan Provincial Service
in Mandarin 0915 GMT 23 May 88

[Text] The Seventh Provincial People's Congress Standing Committee held its third meeting in Chengdu this morning; Chairman He Haoju presided over the meeting. All 63 Standing Committee members listened to an explanation made by Bai Shangwu, vice chairman of the provincial People's Congress, on draft rules of procedure of the provincial People's Congress; an explanation made by the provincial Standard Measurement Bureau Director Lin Guishan on draft rules and regulations for supervising the quality of Sichuan Province's industrial products, as well as a report on the 1987 final financial accounts, a report on the implementation of the provincial financial budget between January and April 1988, and a report on curtailment of group purchasing power, all of which were made by the provincial Financial Bureau Director (Li Dachang), and an explanation on revision of administrative procedures for pulling down old buildings for urban construction in Chongqing City made by Vice Chairman of Chongqing People's Congress (Wei Siqi).

Governor (Gan Haoruo), president of the provincial Higher People's Court Ren Lingyun, and deputy chief procurator of the provincial People's Procuratorate (Li Yulong) attended this morning's meeting as observers.

Sichuan Changes Party Committee to Work Committee
HK2505125288 Chengdu Sichuan Provincial Service
in Mandarin 0915 GMT 24 May 88

[Text] The work meeting of the CPC Work Committee of the Sichuan organs at the provincial level was held in Chengdu this morning. To suit the new situation in reform and opening up, the Sichuan Provincial CPC Committee has recently decided that the party committee of the units at the provincial level be changed to the party work committee of the organs at the provincial level.

This is an important measure of the provincial party committee to step up the party work of the party and provincial government leadership units in the course of reform of the political structure. It will basically change the previous situation in multichannel leadership over and management of the party work of the organs, straighten out the relations, reduce the number of levels, update the duties, be beneficial to enhancing efficiency, strengthen the vitality of the grass-roots party organizations, and give play to the initiative, enthusiasm, and creativeness of all departments and organs for the work of the party organizations.

On the other hand, in the new situation of separating the functions of the party from those of the government, to change provincial party committee units to the party work committee of the units at the provincial level, to regard it as an agency of the provincial party committee, and to make it responsible for directing the party work of the organs at the provincial level is advantageous to stepping up the supervision and inspection of and macroeconomic guidance to the party work of the organs and is beneficial to strengthening effective supervision of the party members, particularly party member cadres, and to enhancing the status of the party committees of all departments and organs.

Experts Call For Tibetan Palace Renovation
OW2605034988 Beijing XINHUA in English
1144 GMT 25 May 88

[Text] Lhasa, May 25 (XINHUA) — A team of building experts has called for an immediate renovation of the Potala Palace in Lhasa, Tibet, after a two-week survey on the famous Buddhist architecture.

The nine experts, all with backgrounds on ancient architecture, found structural damages, and serious erosions as caused by worms.

In certain places, deformities of plates and boards have occurred, greatly endangering the frescos, interior walls and the whole building of the palace, said the experts.

Work to renovate the palace cannot wait, said the experts, adding that the palace can be renovated part by part, so that the palace will keep open all along.

They also co-operated with local people in working out a detailed plan for renovation.

Designing work for the renovation project will start next year, and the entire renovation scheme will take one to two years, they said.

North Region

Beijing, Berlin Establish Friendship Ties
SK2503001588 Beijing BEIJING RIBAO in Chinese
6 May 88 p 1

[Text] The agreement on establishing friendly ties between Beijing and Berlin was signed formally at the office of the Beijing Municipal People's Government on the afternoon of 5 May. Present at the signing ceremony were Li Ximing, member of the Political Bureau of the CPC Central Committee and secretary of the Beijing Municipal party committee; and Guenter Schabowski, member of the Political Bureau and secretary of the Central Committee of the Socialist Unity Party of Germany, and first secretary of the Berlin District party committee.

Berlin is the 10th city to establish friendly ties with Beijing; and Beijing and Berlin are the first pair of friendly cities of China and the GDR. The formal signing of the agreement on establishing friendly ties between Beijing and Berlin indicates a new achievement in the comprehensive development of the friendly relations between the parties and the people of China and GDR, and shows that the friendship and contacts between the capitals of the two countries have entered a new stage.

The agreement, which was signed jointly by Mayor Chen Xitong and Mayor Krack, stipulates: "In order to develop friendly relations between and bring benefit to the peoples of the capitals of the two countries, the both sides will establish and deepen gradually the friendly ties between the two cities." The agreement also made some principles and regulations for the further development and prospects of the cooperations between the two sides. While signing this agreement, the two sides also signed the memorandum on the friendly exchange items between the two cities this year and next year.

Attending the signing ceremony were all members of the delegation from the Berlin district committee of the Socialist Unity Party of Germany; Zhang Jianmin and Zhang Baifa, vice mayors of Beijing; Liu Gengyin, vice president of the Chinese People's Association for Friendship With Foreign Countries; Li Guang, vice chairman of the Beijing Municipal People's Congress Standing Committee; Guan Shixiong and Zhang Mingyi, vice chairmen of the municipal CPPCC Committee; Gao Ge, vice president of the municipal People's Association for Friendship With Foreign Countries; Gu Maoxuan, counsellor of the Department of Soviet Union and East European Affairs under the Ministry of Foreign Affairs; and Rolf Berthold, GDR ambassador to China.

Before the signing ceremony, Comrade Chen Xitong, Zhang Jianmin, Zhang Baifa, and Zhang Mingyi warmly met with Guenter Schabowski, Krack, and members of the delegation.

On the evening of 5 May, the municipal government hosted a banquet at the Beijing Hotel to mark the establishment of friendly ties between Beijing and Berlin.

Psychological Clinic Opens in Beijing
OW2505142388 Beijing XINHUA in English
1024 GMT 24 May 88

[Text] Beijing, May 24 (XINHUA) — Li Jinhui, a 24-year-old teacher, had once been shy to the extent of being afraid to meet people, attend meetings or even venture outside.

But after undergoing treatment at the Guiding Center for Healthy Psychological Behavior, he has become a confident young man.

According to the diagnosis of Xu Xiuru, a leader of the center and assistant researcher at the China Research Institute of Health Education, Li was hindered by "a psychological weaning obstacle," meaning he lacked a sense of responsibility and obligation. "He has never asked about nor offered to help with household duties, leaving them to his two elder sisters' husbands," said Doctor Xu.

Xu's analysis eased Li's mind. He began to take responsibility at home, and is now becoming more socially active as well.

Psychological treatment is an important part of China's burgeoning new field of behavioral medicine. Seated in Beijing's busy downtown shopping district of Xidan, the Guiding Center for Healthy Psychological Behavior is China's only such clinic open to the public. It has already treated 2,000 people since opening last month.

Xu said that she believes that about 80 percent of all diseases are related to psychological problems, and the majority of those have their roots in the sociological environment.

"Psychological phenomenon are steeped in the social milieu," she said, "and psychological problems often reflect people's unhealthy ideology and unhealthy social atmosphere."

An example is a 17-year-old student who had failed an examination to enter a key high school. He was severely scolded by his father for the failure and as a result burdened himself with the need to succeed at all costs. He transferred from one school to another, but always felt it difficult to adapt himself to study. He finally ended up quitting, believing himself to be a failure.

The cause of his misfortune was largely institutional, in that schools seek an unnecessarily high proportion of students with high grades, said Doctor Xu, adding that she hoped that educators would start to pay more attention to psychology and behavioral medicine.

Behavioral medicine started in China just a few years ago. Currently, a number of clinical doctors, health education workers, and teachers are working in this field.

Ms. Xu stated that the center utilizes four basic methods: behavioral type determination, social relation survey, temperament survey, and psychological adaptation measurement for teenagers. The center also provides advice on various psychological problems, such as those affecting the middle-aged and senior citizens, those encountered in students, and modern social psychological problems.

The center has not only been an experimental base for China's behavioral medicine, but has also been widely acclaimed by the masses.

Xu Xiuru said that the center will set up branches in other parts of the country to further promote the development of China's behavioral medicine.

Northeast Region

Heilongjiang Official on Mining Development
SK2505045788 Harbin HEILONGJIANG RIBAO
in Chinese 30 Apr 88 p 2

[Article by Shao Qihui, vice governor of the Heilongjiang provincial government, entitled "Accelerate the Consolidation and Reform of the Local Coal Mining Industry"]

[Excerpts] In line with the work of consolidating small collieries, I recently inspected Jixi, Hegang, Shuangyashan, and Qitaihe Cities and some key coal production counties. I was gratified at the flourishing development of the local coal industry but was very worried about some existing problems.

Last year, the coal output of local collieries amounted to 20.94 million tons, doubling the figure in 5 years. State local collieries in most areas have taken preliminary shape and formed sustained and stable production capacity. Some have even entered the national advanced ranks. Particularly, the rise of town- and township-run collieries has further brought vitality to the development of the local coal industry. However, we must notice that the construction of collieries and coal production are seriously disproportionate because without an accurate knowledge of how to run collieries, a unified plan or arrangement, a considerable number of departments fail to manage coal production effectively, give correct guidance, or exercise strict management. Accidents took place ceaselessly among some small collieries due to their arbitrary mining and waste of natural resources, and their failure to attain general safety standards. The production, supply, transportation, and marketing of coal are seriously uncoordinated. Coal mines are

suffering losses while transportation channels earn profits. Meanwhile, minienterprises do not act fundamentally as socialist commodity producers or as socialist commodity managers because they lack vitality. So, how to ensure that the local coal industry is developed steadily and smoothly is a major task ahead of us. The objective situation calls on us to consolidate the guiding ideology, management methods, and organizational forms to develop the local coal industry. Through conducting reform and strengthening coal industrial management boldly, we should basically change the backward situation in coal production to make the coal industry truly become a pillar industry to enliven the province's economy.

It is necessary to persist in giving equal consideration to liquidation and constructive consolidation and to link permanent consolidation with overall consolidation. Actual results in liquidation must be gained within this year while the predetermined targets for constructive consolidation should be realized within 3 to 5 years. The key to achieving success in this work hinges on handling the following four relations.

1. The Relationship Between Short-Term Interests and Long-Term Interests Should Be Handled Well

Coal is a valuable treasure entrusted to mankind by nature. Although our province is endowed with rich coal resources, the resources are limited and cannot be regenerated. Thus we must treasure fully and use these natural resources reasonably, and protect the treasure for our coming generations.

The question at present is that we still fail to study conscientiously methods on how to make reasonably long-term development, utilize these natural resources effectively, strive to increase ceaselessly the value of coal, set up a new coal industrial structure gradually, strive to score the highest results, and finally turn the advantage of having natural resources into an economic advantage. At the same time, the province has no specific plans for this. We cannot deny that this is a mistake in the development strategy. Of the key coal production cities and counties throughout the province, some have tentative ideas but have no planning, some have planning but no designs, and some have both planning and designs but no specific measures. Judging from the general situation, the development and utilization of coal mines in most areas is basically in a planning state. At present, there are too many collieries; and holes are dug everywhere. Many localities are engaged in plunder-like exploitation. Everybody wants to take advantages of this opportunity to "squeeze money," to seek exorbitant profits, and to make a fortune by developing coal resources. This situation is not only blind but also destructive. Although the problems occur at lower levels, actually, they reflect the erroneous work guidelines and ideology of leaders at all levels who "care for immediate interests at the expense of long-term ones." If we allow such a situation to spread unchecked, it is no different

from "killing the hen to get the eggs." If so, the production of local collieries will be exhausted within a short period and we must hold them responsible for Heilongjiang Province's future development.

The coal industry is a special trade because its input-output curve is comparatively gentle, its production period is fairly long, and its economic results, on the basis of a rational input, is comparatively stable. At present, many of our small mine owners are anxious for quick results. They have adopted primitive methods to engage in plunder-like exploitation and extensive management. The natural resources recovery rate of some localities only reached 20 to 30 percent. Based on experts' estimates, if we fail to adopt corrective measures rapidly, by the end of the Seventh 5-Year Plan period, the province's raw coal will be seriously in short supply. By that time, our province will change from a coal producer into a buyer and the coal supply and demands will be tense once again. To this point, we must not lower our guard.

At present, coal prices are quite low and seriously deviated from its value. Therefore, the coal industry is basically a money-losing industry. Although a small number of collieries have made profits, their profits are low. However, along with the progress of the country's economic structural reform and the gradual improvement in the pricing system, the coal pricing problems will be solved step-by-step within a comparatively short period. This year, on the premise of responding to the country's call for generally stabilizing commodity prices, we have partly readjusted coal prices. I can sense that the economic situation in the coal industry began to pick up from a sagging trend and its prospects are bright. At present, the people are worrying about the coal industry's safety and economic results, as well as its lack of momentum. Whether our province can produce enough coal and has better momentum for coal development after readjusting coal prices within a few years is not a matter of several scores of years. Instead, it is a matter of a few years. At present, this opportunity has already begun to emerge. By that time, if we cannot produce enough coal when the coal market is in short supply and coal prices increase, we will again let slip a golden opportunity. [passage omitted]

2. We Should Handle Properly the Relationship Between Bringing About a Temporary Solution and Taking Radical Measures

In consolidating small collieries, we must not simply grasp consolidation work or just treat the symptoms but not the disease, because this will result in a situation in which "just as one contradiction has been eliminated, another is sure to emerge." Practice shows once again that only by integrating liquidation consolidation with constructive consolidation, and sorting out, transforming, planning, and building collieries simultaneously, can we enable coal production to climb unceasingly to a new stage. The current problem is that "the trouble has been

brewing for quite some time." Therefore, from now on, governments at all levels and all mining units must have their own plans and implement them step-by-step within a few years so that the local collieries will genuinely achieve new progress. With regard to integrating the relationship between bringing about a temporary solution with taking radical measures, we should stress the latter. We should study where the roots of troubles lie and where is our road of advance. Only by comprehending clearly some regular things, and trying out scientific methods can we get at the root of a problem.

Over the past few years, all coal-producing areas, cities, and counties, and all departments concerned have done much to develop the coal industry and have trained a group of cadres. Township enterprises in particular, have started from scratch and have gone from small ones to big ones. Our province's annual coal production capacity is 8 million tons. To put it strictly, our government authorities and the mining departments have failed to study coal industry as a science, to manage it as a pillar industry, to analyze its resources conscientiously and meticulously, to conduct technical and economic analyses, to put forward feasible overall input-output plans, and to formulate personnel training plans. It is a great progress that over the past few years, some peasants who have engaged in mining have already mastered some general mining knowledge and some of them have even gradually become peasant mining entrepreneurs. However, a considerable number of leading cadres are still engaged in running mines blindly and have exercised ineffective leadership over the coal mining industry.

The work undertaken by the local coal industry on effecting a permanent cure comprises the following two major tasks: First, efforts should be made to concentrate necessary funds and manpower on vigorously building the state-run collieries at all levels into modernized or standardized mines to enable them to truly become main forces and pacesetters on the local coal industrial front. Second, efforts should be made to apply the principle of "actively giving support, formulating reasonable plans, conducting correct guidance, and enhancing management" to enable the collective-run mining enterprises at township and city levels to realize the following five changes: A. Specifically speaking, the spontaneous mining business should be changed into one with overall planning and reasonable arrangement. B. The extremely scattered or extensive management of mining enterprises should be changed into appropriate economies of scale and intensive management. C. Out-dated technology and simple and crude equipment should be replaced with suitable equipment in current use. D. The practice of paying attention to exploitation and no attention to maintenance should be changed into that of paying attention to both of them. E. The practice of neglecting to enforce legal systems should be changed into that of operating mines legally.

At present, we should follow the road of "concentrating forces, conducting technical renovations, carrying out technical cooperation, and engaging in joint-venture

business" to enable small local scattered pits with low production capability, poor capability of combating disasters, and irrational positions to gradually become regularized, safe, and civilized new mines; and to enable coal mines to upgrade their production capability to have the coal industry be full of reserve strength. The development direction for small collieries is to build them into small regularized mines and subsequently maintain them by using funds accumulated by the mines and operate collieries in a regularized way. Only by so doing can we create stable production strength and prevent coal production from declining. Therefore, major cities and counties full of collieries should immediately start to formulate plans to conduct reforms among small pits and improve them group-by-group each year to strive to make a great step toward the regularization of coal production within 3 or 5 years. The province as a whole should also formulate a clear standard for improving small collieries. Departments on the coal industrial front are responsible for appraising the work done to improve collieries and should fix the standards of giving an award or imposing on punishment. [passage omitted]

3. We Should Deal Successfully With the Relationship Between Consolidation and Reforms.

The way out for the coal industry lies in conducting reforms. The three purposes and criterion of reforms on the coal industrial front are as follows: 1) Miners should be safe. 2) Enterprises should have vitality. 3) The coal industry should have reserve strength. The methods and measures of reforms should be formulated along with practice. However, all methods and measures should be measured by the yardstick of these three purposes and criteria. Those suitable to these purposes and criteria should be popularized actively and those unsuitable to them should be corrected. In my personal view, the measures enforced currently by some localities regarding the "individual responsibility system and life-long contract system" really mean to offer state material sources for sale and represent the gangmaster and plundering management of feudalism. Such measures should be blocked resolutely. Enforcing the responsibility system among coal mines means not only to hold responsibility for economic results but also for technological renovations and production safety. We should take production safety as a premise, output as a basis, the index of profits and losses as a core, and the normal succession of "three volumes" (coal volume that can be exploited, volume of coal deposits, and coal volume that can be excavated again) as reserve strength. All of these volumes are indispensable. In enforcing the responsibility system, we should have certain funds to cope with crises, and contractors should be qualified as mine directors who must be proved qualified by the departments in charge of coal production.

At present, tasks for conducting reforms are many. Judging from the situation on the province's coal industrial front, two major tasks are as follows: First, efforts

should be made to straighten out the relationship among various industries and trades. Second, efforts should be made to readjust policies. The major content of straightening out the relationship is to enforce management suitable to the specific trade and that of readjusting the policies is to truly implement the principle of maintaining coal mines by using funds accumulated by mines and operating mines in a regularized way. Over the past few years, our province has scored marked achievements in implementing the principle issued by the central authorities regarding the simultaneous operation of large, medium-sized, and small collieries and having the state, collectives, and individuals open collieries simultaneously. Hereafter, we should also depend on the forces of various social circles to develop coal production and should have all social circles open mining business. However, coal industry, after all, is a special trade that needs strong technology. By no means should we manage it only by adopting the methods of "digging up vegetable cellars" or "opening sundry stores" and organize production by "blindly letting product sales go unchecked." Still, we will not allow ignorance to spoil our precious natural resources. The feasible method to deal with the forementioned problems is to enforce management suitable to the specific trade. Management of all trades is the demand for developing the planned commodity economy, as well as an important content of economic structural reform. Thus far, only our province and a few other provinces have not conducted the management of relevant trades. Therefore, of the first group of 100 cities and counties covered by the strategic plan for building 200 key coal-producing cities and counties throughout the country, none of our province's cities and counties have elbowed into the ranks. As a result, the local mining industry has lost a good opportunity to enter the national overall plan for developing the local coal industry, and has lost tens of millions in investment and loans. This is not only an economic loss, but has also put off the development of the province's coal industry. [passage omitted]

Another major task of the reform of the coal industry is to readjust policies. First, we should formulate an overall policy for supporting the development of the coal industry. At present, far from studying and implementing conscientiously the overall policy of the central authorities concerning the development of the coal industry, some local governments and mining departments have worked out some "local policies" which are inconformable to the guidelines of the overall policy. These "local policies" have a common feature of being eager for quick success and instant benefit, have seriously hampered the sound development of the coal industry, and thus should be corrected as quickly as possible. Second, we should readjust voluntarily the relations of economic interests between production and marketing departments. Now, many people say: "Miners have a deficit, sellers make a fortune, and consumers suffer from high prices." This situation results in the emergence of many coal sellers. Worse still, some departments have also acted as coal sellers. These coal sellers have conspired with certain

persons of railway and fuel companies to get coal illegally and to obtain exorbitant profits wantonly, thus causing market disturbances. This situation results primarily from the management system where production is divorced from marketing. From now on, in carrying out the coal industrial reform, we should delegate the operational right (including the marketing right) to enterprises so that coal mining enterprises will integrate production with supply and marketing, and will actually become relatively independent producers and managers of commodities.

4. We Should Handle Appropriately the Relations Between Large and Small Mines, and Between Enterprises and State.

"State-run mining enterprises are mainly responsible for the exploitation of mineral resources. The state safeguards the consolidation and development of state-run mining enterprises." This is definitely stipulated by the "Law on Mineral Resources," and is totally conformable to the interests of the state and the nationalities. Recently, the State Council stressed the necessity of immediately consolidating various kinds of small coal pits inside the state-run coal mines. This embodies the guidelines of this law, with the purpose of safeguarding the normal operation of state-run coal mines. However, like other trades, the coal industrial trade also needs a rational enterprise structure and technological structure, that is, an enterprise structure under which large, medium-sized, and small enterprises distribute rationally, and a technological structure under which different technological expertise and mining methods are used in proper proportion. This is due partly to the impossibility of adopting a unified mining scale for all mines, and fact that the economic regulations require us to adopt various kinds of mining technology. Proceeding from the specific situation of our country, because our country has plenty of coal resources and surplus labor forces, the simultaneous development of large, medium-sized, and small mines will not only promote the development of our country's coal industry, but also help solve the unemployment of surplus labor forces. This principle must be upheld continuously. [passage omitted]

Liaoning Holds First Congress of Handicapped SK2503045288 Shenyang LIAONING RIBAO in Chinese 10 May 88 p 1

[Excerpts] The Liaoning Building was adorned with lanterns and festoons amid a deafening sound of drums and gongs on 9 May. On behalf of the 1.51 million handicapped people throughout the province, 249 people, including representatives of handicapped people, their relatives, and representatives from handicapped organizations, jubilantly participated in the first congress of the provincial Federation of the Handicapped. More than 130 representatives of the handicapped

entered the meeting hall on wheelchairs or with walking sticks. This reflects the handicapped people's confidence and courage to constantly strive to become stronger and be the master of their fate.

Attending the opening ceremony were party, government, and Army leaders; and some veteran comrades who have constantly devoted to the welfare services of the handicapped, including Huang Oudong, Zhang Zhengde, Quan Shuren, Zuo Kun, Chen Suzhi, Xu Shaofu, Li Qisheng, Gao Zi, Bai Wenzhong, and Nan Qixiang. Deng Pufang, chairman of the China Federation of the Handicapped, paid a special visit to Liaoning in order to extend greetings to the congress.

In his speech, Deng Pufang spoke highly of the province's work toward the handicapped. He said: Liaoning is the first province in China to convene the provincial-level congress of the handicapped and not set up the provincial federation of the handicapped. All this reflects that Liaoning has paid attention to the work toward the handicapped and has played an exemplary role in setting up and perfecting the local organizations of the handicapped. Liaoning Province has laid a good foundation towards the work of the handicapped. Civil administrative cadres and the workers in charge of the work toward the handicapped have made many effective achievements and have created many new experiences over the past few years. I hope that the province will make greater breakthroughs in this regard based on the existing achievements.

On behalf of the provincial party committee and the provincial government, Chen Suzhi made a speech. [passage omitted]

The congress will last for 3 days. The congress will set up, through elections, the provincial leading and organizational offices in charge of the work toward the handicapped, and adopt several documents, including "The Liaoning Provincial Detailed Rules for Implementing the Regulations Set Forth by the China Federation of the Handicapped."

Liaoning Increases Trade With DPRK HK2105014488 Beijing CHINA DAILY in English 21 May 88 p 1

[By staff reporter Guo Zhongshi]

[Text] Dandong—Trade officials in China's northeast Liaoning Province are stepping up the region's traditional border trade with the Democratic People's Republic of Korea [DPRK], on the largest scale ever.

The provincial border trade company, based here in China's largest border city overlooking Korea on the other side of the Yalu River, is preparing to increase its trade volume with the DPRK to an unprecedented 80 million Swiss francs this year, more than double the average annual figure of the past six years, a local official said.

Chen Jingfang, deputy director of the company, said the province started border trade with Korea in 1959. Until the trade links were stopped in the mid-1960s on the eve of the "Cultural Revolution," the total import and export volume had reached more than 30 million yuan, equivalent to what is now 100 million yuan, Chen said.

Since the two sides resumed trade in 1982, business transactions have been climbing between the province and the DPRK in more and more fields on a "providing each side with what it needs" basis, Chen said.

In the six-year period, the province had a total import and export volume with Korea of more than 100 million yuan, importing 60 different commodities and exporting 70.

China mostly exports grain, edible oil, light industrial products and textiles in exchange for liquefied gas, aquatic products and reeds.

But instead of making profits, Chen said, the purpose of expanding the barter trade is to "supply mutually what the other side needs or lacks, increase the living standards of border residents on both sides, and enliven the economy of the two regions."

He said the province is seeking trade with more regions and departments in Korea.

In a still more ambitious project, the city's light industries are looking for ways to enter the eastern Soviet Union market through joint efforts with Korea, which borders the eastern Soviet Union, he said. That could be done with Korea acting as a middle-man.

To sidestep some problems that exist in barter trade and credit deals, Dandong's trade organizations are preparing to enter into cash transactions with Korea.

The two sides have agreed in principle to set up restaurants featuring each other's local food in Dandong and Pyongyang, the capital of Korea, Chen said.

This year, Liaoning will hold a sales show of the province's major light industrial products in Korea, he said.

Northwest Region

7th Qinghai CPC Congress Holds Plenary Sessions

1st Session Convenes

HK2605025388 Xining Qinghai Provincial Service
in Mandarin 1400 GMT 25 May 88

[Excerpts] The Seventh Qinghai Provincial Party Committee convened its first plenary session today, attended by 34 members and 10 alternate members. Comrade Yin Kesheng presided. [passage omitted]

The session elected eight members of the Standing Committee of the provincial party committee. They are Yin Kesheng, Tian Chengping, (Fang Zhijia), Liu Feng, Lu Baoyun, (Tang Zhengwen), Bian Yaowu, and (Hou Shaoqing). Comrade Yin Kesheng was elected secretary, and Tian Chengping and (Fang Zhijia) were elected deputy secretaries. [passage omitted]

Comrade Yin Kesheng spoke at the conclusion of the meeting. He said: On behalf of the Standing Committee of the seventh provincial party committee, I first want to thank the plenary session and the party members throughout the province for their trust in us. The tasks facing the seventh provincial party committee are very glorious and arduous. The seventh provincial party congress proposed the strategic idea of invigorating Qinghai by reform and opening up, eliminating poverty and enriching the people, and exploiting resources, and decided on the main tasks for the next 5 years. In accordance with the demand for separation of party and government functions, the provincial party committee must exercise political leadership over all work in the province and make policy regarding major issues in economics, politics, ideology, and culture. Our responsibilities are very heavy, and we have a great deal of work to do.

In the face of the new situation and tasks, the new provincial party committee should have a new mental outlook and new work attitude and ideological style. We must uphold the party's basic line for the initial stage of socialism, seriously implement the spirit of the 13th National Party Congress, insist on making reforms dominate the entire picture, and serve wholeheartedly the people of all nationalities in Qinghai. [passage omitted]

Comrade Yin Kesheng said: Some new comrades have been brought into the new provincial party committee, thus adding vitality to the committee's leadership. On the other hand, we must realize that we lack sufficient experience, and we urgently need enhancement through study and practice. Hence, we must regard emancipating the mind, deepening the reforms, and concentrating efforts to develop the productive forces as the first issue to be resolved by the new provincial party committee through stepping up study in connection with reality. [passage omitted]

Comrade Yin Kesheng said: There are still instances of bureaucratism, buck-passing, and procrastination in many leading organs, including the provincial organs. A very small number of cadres eat three square meals a day without doing any work. The masses greatly object to this situation. We must take steps to overcome these problems resolutely by enforcing systems and strengthening discipline strictly. [passage omitted]

Comrade Yin Kesheng said in conclusion: So long as the provincial party committee and the party committees and government at all levels continually step up their own building, improve their leadership standards, and lead the

people of the whole province to unite as one and make concerted efforts to clear the way to forge ahead, we will certainly be able to fulfill the tasks laid down by the seventh provincial party congress and lay an excellent foundation for Qinghai's invigoration and development.

The new provincial Advisory Commission held its first plenary session today. Comrade Ma Wanli presided. [passage omitted] Ma Wanli, Kang Shichang, Jing Shengming, and Qiang Jianhua were elected members of the Standing Committee. Ma Wanli was elected chairman of the commission.

The new provincial Discipline Inspection Commission held its first plenary session today. [passage omitted] Duo Ba was elected secretary of the commission, and (Li Mingjing) was elected deputy secretary.

2nd Session Meets

HK2505110088 Xining Qinghai Provincial Service
in Mandarin 1400 GMT 22 May 88

[Excerpts] The Seventh CPC Qinghai Provincial Congress held its Second Plenary Meeting at the People's Provincial Auditorium this morning, under the chairmanship of its Executive Chairman Huanjue Cailang. The congress unanimously carried an electoral method for the Seventh CPC Qinghai Provincial Congress, which defines that the CPC Committee comprises 35 members and 10 alternate members, the Advisory Commission has 15 members, and the Discipline Inspection Commission has 21 members. Elections at the congress will be conducted by secret ballot and candidates are arranged in the order of strokes of Chinese characters. Members and alternate members of the provincial party committee, members of the provincial Discipline Inspection and Advisory Commissions are elected with more candidates than posts. Members of the provincial Advisory Commission will be elected with candidates equivalent to posts. [passage omitted]

Shaanxi Governor Reports to 7th Party Congress

On Economic Situation

HK2505132688 Xian Shaanxi Provincial Service
in Mandarin 2330 GMT 20 May 88

[Excerpts] In his government work report delivered at the first session of the seventh provincial People's Congress [date of report not given], Hou Zongbin said: According to the guiding principles regarding the overall arrangement to be made for our province's economic setup, we shall put the stress on developing the central Shaanxi Plain, and actively open up south Shaanxi and north Shaanxi, for the purpose of gradually establishing three economic zones with each having its own characteristics. [passage omitted]

Referring to developing the central Shaanxi Plain, Hou Zongbin said: Prior to the arrival of 1992, we must complete the building of the Xian-Lintong express highway, the building of the first-class Xian-Sanyuan-Tongchuan highway, and the building of Xianyang airport; ensure bringing the first phase of the 600,000-kw Weihe power plant construction project to completion on schedule, and strive by every means to put the 600,000-kw generating unit of the (Huping) power plant into operation. [passage omitted]

Hou Zongbin said: To open up north Shaanxi, we must proceed from the development of communication lines. Prior to the end of this year, we must complete the building of the Batou-Shenmu railroad. We must complete within the next 5 years the building of the Shenmu-(Shexian) railroad, and the building of the (Xiyan) railroad. [passage omitted]

Hou Zongbin said: By 1992, our export of coal should reach 20 million tons, our crude oil output should be increased to 900,000 tons from the current output of 360,000 tons. [passage omitted]

Hou Zongbin said: To open up south Shaanxi, we must make full use of the Qinba mountain area's biological, water, and mineral resources. [passage omitted]

Hou Zongbin added: We must pay close attention to successfully making preparations for building the Xian-Ankang railroad, and ensure that the 800,000-kw generating unit of the Ankang hydraulic power station can be put into operation. [passage omitted]

Hou Zongbin said: By 1992, our province's total industrial output value should reach 39.1 billion yuan, with an annual growth rate reaching 10.2 percent; over 40 percent of our products should be fine-quality products; and our profits and taxes should reach 4.8 billion yuan. We must adopt a rational policy toward industries, act in accordance with the principle for stressing key points and giving full play to superior forces, center on developing key and superior industries as well as those industries that can generate high returns, enable our leading industries including the engineering and electronics industries to achieve an increase of 6 billion yuan in output value in the next 5 years, and turn such key industries into the major sources of our income from industrial profits and taxes. [passage omitted]

Hou Zongbin said: We must strive to achieve a 100 percent increase in the profits and taxes from those industries with high tax rates including the oil, tobacco, and brewery industries. [passage omitted]

Hou Zongbin said: Each of our province's 70 major enterprises has an annual output value of over 100 million yuan with profits and taxes exceeding 10 million yuan, and each of them also has an foreign exchange income of over \$1 million. The total number of such

enterprises should reach 150. Our province must establish 5 business consortia with an output value of 1 billion yuan and 10 business consortia with an output value ranging from 300 to 500 million yuan. [passage omitted]

Hou Zongbin said: Leaders at all levels must dare to take risks on behalf of those reformers engaged in making big strides forward, take a clear-cut stand for supporting and protecting reformers, allow reformers to make mistakes, and [words indistinct]. We must resolutely investigate and deal with those people who have violated the law and discipline and abused their power to seek personal gain while carrying out economic activities. However, we must not treat and attack faults in reforms as criminal acts nor must we treat and investigate such faults as violations of discipline. If there are mishandled cases in which faults in reforms were treated and handled as criminal acts and violations of discipline, relevant departments must promptly redress such mishandled cases and must not be dilatory in redressing such cases. We must seriously handle those people and matters involved in trumping up charges against reformers and in disrupting reforms.

Stresses Moral Education

*HK2505104288 Xian Shaanxi Provincial Service
in Mandarin 2330 GMT 21 May 88*

[Text] In his government work report to the first session of the seventh provincial People's Congress, Hou Zongbin said it is necessary to carry out further the education drive to promote socialist moral values and to widely publicize the principle of 10 Must's and 10 Must Not's. The 10 Must's and 10 Must Not's mean that one must get rich through hard work, and must not forget honor at sight of money; one must work selflessly for the public interests and must not make use one's official power to seek personal interests; one must work conscientiously and show a strong sense of responsibility but must not be derelict in one's duties; one must foster lofty moral values and must not be bent solely on profit; one must unite with and help others but must not care about only

one's own interests; one must be sincere with others and must not be suspicious and jealous of others; one must bravely fight against malpractices and must not make concessions because of fear of instability and changes; one must show an enterprising spirit and must not seek ease and comfort; one must be perfectly impartial and must not enrich oneself at the expense of public interests; one must be industrious and thrifty and must not practice extravagance. Practicing this principle will help promote a positive, enterprising spirit in the community and give full play to the public's enormous enthusiasm in devoting themselves to the modernization cause.

Comrade Hou Zongbin also urged governments at all levels to take a more positive attitude toward the effort to keep the public well informed of government affairs. He disclosed that the provincial government had decided to introduce an information releasing system to regularly brief the public of the government's work. He said: It is necessary to consult people of all circles on some important decisions and issues, and government at all levels must have full respect for people's congresses at all levels and their standing committees, take the initiative in soliciting their opinions, and submit themselves to supervision. It is necessary to earnestly implement all resolutions adopted by people's congresses, be serious with any criticisms and suggestions made by deputies to people's congresses.

Xinjiang Congress Standing Committee Meets *HK2505125488 Urumqi Xinjiang Regional Service in Mandarin 2210 GMT 23 May 88*

[Text] The second meeting of the seventh regional People's Congress Standing Committee opened in Urumqi yesterday [23 May]. Amudun Niyaz, chairman of the regional People's Congress Standing Committee, presided over yesterday's meeting. Tomur Dawamat, chairman of the region; Tuohuti Shabier, vice chairman; Kuerbannuzi, president of the Higher Court; and a responsible person of the procuratorate attended yesterday's meeting as nonvoting delegates.

'New Concept' To Handle Taiwan Issue Discussed
HK2505153188 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 20, 16 May 88 pp 6-7

[Article by Chen Bing (7115 0393): "My View on the 'New Concept' for Handling the Question of the Taiwan Strait"]

[Text] Recently, the Taiwan authorities have repeatedly indicated that they "ardently hope that the question of the Taiwan Strait can be handled with a new concept" and that they "have said this with great sincerity."

Given the new situation in which the antagonism and seclusion between both sides of the strait have begun to ease and compared with the adherence to the rigid, old concept, this represents progress in putting forward a "new concept" to handle the question between both sides of the Taiwan Strait, namely, the question of handling the reunification of the Chinese mainland with Taiwan. As the next step, people are concerned about the meaning of the "new concept." What policies and measures are to be used to reflect the "new concept"?

A Criterion To Distinguish Between a New and an Old Concept Is Whether or Not It Can Solve Practical Problems [subhead]

As I see it, instead of being a concept which departs from reality and fails to solve practical problems, a new concept should be one which suits the development of the situation on both sides of the strait, conforms to the will of the people, and solves the practical problem of reunification of both sides. A criterion to distinguish between a new and an old concept is whether or not it can solve practical problems and whether or not it can help end the split between both sides of the strait at an early date. Therefore, whether in the past, at present, or in the future, any new concepts and measures on the part of the Taiwan authorities which contribute to the solution of the question of peaceful reunification will be welcome and commended.

At present, people from all walks of life in Taiwan, especially many experts and scholars, hold that the Taiwan authorities should work out a more liberal policy toward the mainland—to lift all the unreasonable restrictions imposed on contact among people on both sides of the strait, promote normal economic, cultural, and academic contacts, and do some solid work to end the split between the two sides so as to promote the early reunification of the country and to account, conscientiously and in a responsible manner, for the future generations and the Chinese nation. Even in the KMT [Kuomintang] itself, there is certainly no lack of far-sighted public figures who are reunderstanding and reexamining the mainland with a new concept and are using it to consider the question of China's reunification. We are more than willing to see these propositions reflected in their future actions.

It goes without saying that since it is called a "new concept," it must be different from the old one. Everybody knows that the nucleus of the Taiwan authorities' old concept for handling the question of both sides of the strait is the "Three No's" (namely, "no contact, no negotiation, and no concession" policy). It is precisely this unreasonable, rigid policy that has blocked the way to the peaceful reunification of China. In the world today, advocating extensive contact and dialogue, seeking concessions through dialogue, and striving to solve various disputes by peaceful means have gradually become a tide. Under such circumstances, the "Three No's" policy seems to be more out of keeping with the times and more incompatible with objective reality.

We can thus see that, if the Taiwan authorities are really determined and sincere in handling the question of both sides of the strait with a new concept, it is perhaps necessary to first discard the "Three No's" policy, which cannot accomplish anything. If they hold on to the "Three No's" policy, regarding it as an "established principle," it will be difficult to have any "new concept." Although some people in the Taiwan authorities indicated the other day that the "Three No's" policy is nothing more than a tactical application and will not remain unchanged, making it seem that they have taken a step forward in the direction of the new concept, they have nevertheless attributed the implementation of the "Three No's" policy to the implementation by the CPC of the principles and policies toward Taiwan, such as peaceful reunification and "one country, two systems." On the relationship between both sides of the strait, perhaps they really want to change some old practices. At present, quite a few people on the island hold that one should not be too particular about names but attach importance to practical interests and that the "legally constituted authority" should not be as excessively stressed as it once was in the administration of the island. Even on these issues, the Taiwan authorities remain undecided and have not worked out any definite policies. As for promoting reunification between both sides of the strait, even if some people favor acting according to the "new concept," in practical action they still manifest from time to time the signs and mentality of using old concepts to handle issues.

Flexible Measures That Are in Keeping With the Tides and Hostile Consciousness That Runs Counter to Popular Will [subhead]

After repeated calls, the Taiwan authorities eventually started adopting some flexible measures and the people on both sides of the strait eventually began some normal exchanges. Although these exchanges are still a one-way street, are limited, and are still a far cry from the desire of the people on both sides of the strait who are demanding normal exchanges, a move toward having some flexibility and exchanges is still a good thing and is welcomed. Since people in the Taiwan authorities have expressed their readiness to handle this question with a "new concept," the most natural thing for them to do is

to continuously adopt flexible measures, to expand the scope and quicken the pace of openness, and to genuinely achieve the "three communications" between both sides of the strait. The Taiwan authorities plan to further study this question 6 months after they have relaxed control on people going to the mainland to visit relatives. People are waiting to see what happens.

What merits attention is that, when handling the question of both sides of the strait, a handful of people in Taiwan are still unwilling to give up their hostile sentiments against the mainland for fear that this will dilute the sense of dread that Taiwan people feel for communism. It is indeed time to renovate the "old concept" and "outdated idea," which they have followed for several decades. With regard to things favorable to the immediate interests of the people, to national unity, and to the reunification of the country, the Taiwan authorities, being plagued by all sorts of fears, hesitate to press forward. Obviously, it is the "old concept" of being divorced from the people and the realities which is doing mischief in their minds. Even on an excellent matter absolutely beneficial to the state and the nation, such as the recovery of the Chinese people's sovereignty over Hong Kong and Macao, which wipes clean a national insult in history, the Taiwan authorities also take up the posture of staying aloof and refusing to cooperate, saying that "whether this can be of help" and "how to get in touch" are yet to be studied. This outworn concept of regarding the split as a normal situation has nothing in common with the new concept.

New Concept and New Practice of How To Approach the CPC [subhead]

To solve the question of the Taiwan Strait, it is necessary for the people on both sides of the strait to make joint efforts. On the mainland side, since 1979 the CPC has revised its principle and policy toward Taiwan, from "liberating Taiwan" to maintaining reciprocal talks between the KMT and the CPC and achieving the peaceful reunification of the country according to the pattern of "one country, two systems." This major policy change is precisely a new concept and a new practice on the part of the CPC which, in the spirit of seeking truth from facts, adapts itself to the development of the situation at home and abroad, proceeds from the practical situation on both sides of the strait, and takes into consideration the wishes and interests of all sides in order to achieve the reunification of the country at an early date. Since the Taiwan authorities favor handling the question of both sides of the strait with a "new concept" and if their starting point is to promote rather than delay reunification, the Taiwan authorities ought to rationally consider the new concept and the new practice of the CPC. If they indiscriminately denounce them as "a scheme to achieve a united front," does not this mean that they have hard-heartedly closed the gate to peaceful reunification? The Taiwan authorities have repeatedly complained that the CPC has failed to promise to renounce the use of arms and has not given up the "four

cardinal principles." They hold that these come under the category of "old concepts" and that only when the CPC gives up these "old concepts" will the Taiwan authorities consider changing their "Three No's" position. With regard to this, this writer would like to elaborate further.

Not Promising To Renounce the Use of Force Is Aimed at Safeguarding Sovereignty and Territorial Integrity [subhead]

The CPC does not promise to renounce the use of force. This is not in contradiction with the CPC's basic principle of peaceful reunification and "one country, two systems." As everybody knows, the CPC implements the principle of peaceful reunification and "one country, two systems" with the aim of quickening the pace of reunifying the country. At present, although the Taiwan authorities are still capable of keeping the situation under control and have repeatedly stated their firm opposition to "Taiwan's independence," there are still people on the island openly calling for "Taiwan's independence" and preaching the argument on the "undecided status of Taiwan." The struggle between reunification and independence continues on the island. If, thinking that the time is ripe, some people put into practice their idea of "Taiwan's independence" and, with support from outside, intensively expand this conspiratorial activity, with the result that there is no peace inside or outside the island and that the state sovereignty and territorial integrity are threatened, what is to be done? Can we bind ourselves hand and foot and let such conspiratorial activity prevail? Moreover, Taiwan is situated in the border area of the motherland. There have always been outsiders attempting to encroach on it. If we promise not to use force under any circumstances, won't it be convenient for outsiders to encroach on it? If it happens that foreign countries carry out military intervention, encroach on China's sovereignty, and forcibly obstruct China's reunification, what should we do? Moreover, China must be reunified as soon as possible. This is the common aspiration of all Chinese. The CPC is determined to achieve the peaceful reunification according to the method of "one country, two principles" with the aim of realizing the people's aspiration at an early date. However, not everyone in power is ready to act according to the people's aspiration. If, in total disregard of the national righteous cause, the people in power in Taiwan indefinitely postpone and obstruct the reunification of the country, what should we do then? Will it be normal and rational if the Chinese people just sit and see our own motherland split indefinitely and, having bound ourselves hand and foot, attempt and do nothing? The KMT people in Taiwan have consistently upheld the stand of one China and the reunification of China. They also indicate that they will never permit "Taiwan's independence" and will not allow foreign countries to interfere in China's internal affairs. For this reason, they have no reason to ask the Chinese people to promise, wistfully and regardless of consequence, not to use force under any circumstances. It is believed that nobody who

approves of the reunification of the motherland at an early date will agree to make this promise. Moreover, to safeguard the integrity of China's sovereignty, it is entirely unnecessary for us to promise any foreign country that we can only solve the Taiwan issue by certain means. It is believed that all Chinese, who set store by the state sovereignty and territorial integrity, can fully understand this point.

The Status of the Taiwan Regime Is Determined by Objective Reality [subhead]

On the question of whether the Taiwan regime is China's central government or a local Chinese authority, there is no need whatsoever to argue about it because the objective reality is there. Taiwan is a province of China. In the eyes of the people on both sides of the strait or of the international community, the only legitimate government representing China is the PRC government. This is an established fact which was publicly acknowledged a long time ago and it is also common sense. Such being the case, there is no such question as demoting Taiwan to a local government. This is a question of respecting the objective reality—the Taiwan regime is a local Chinese authority. Therefore, when reunification is achieved according to the concept of "one country, two systems" put forward by the CPC, Taiwan will become a special administrative region enjoying a high degree of autonomy. The central government will also set aside some quotas for Taiwan. There is nothing unjust to the Taiwan authorities and there is no question of intentionally demoting Taiwan into a local government.

Seeking Common Ground on Major Issues While Reserving Differences on Minor Ones Is Conducive to the Reunification of the Country and National Rejuvenation [subhead]

The so-called arguments, such as that it is an "old concept" or the part of the mainland to uphold the "four cardinal principles," cannot stand close scrutiny either. To achieve the reunification of the country as quickly as possible, the CPC would permit Taiwan to set up, after reunification, a special administrative region, with the existing system and way of life remaining unchanged. The mainland will not interfere in whatever doctrine Taiwan practices, neither should Taiwan intervene when the mainland practices socialism. That is to say, you do not eat me up or vice versa. You go your way and I go mine. We learn from each other to make up for each other's deficiencies. We jointly safeguard the reunification of the country and jointly promote national prosperity and rejuvenation. In short, we practice "one country, two systems." "One country, two systems" is a concept for solving the question of China's reunification, which has been put forward in view of the existence of two different systems on the mainland and in Taiwan, Hong Kong, and Macao. It is generally recognized as a new concept. Now that some people in Taiwan want the mainland to give up socialism and the four cardinal principles, we would like to ask whether the CPC can

also ask Taiwan to give up its doctrine, whatever it is? If that is the case, given the two different social systems on the mainland and in Taiwan, when can we achieve the peaceful reunification of the motherland? To put it bluntly, by making such a proposition the Taiwan authorities actually want the mainland to practice Taiwan's system and way of life. This means practicing "one country, one system," namely, "reunifying China with the Three People's Principles" or "opposing communism and restoring the country." Is this practicable?

Many people with insight in Taiwan favor the achievements of "three communications" as early as possible. They maintain that it is necessary at the present stage to vigorously strengthen economic, cultural, art, and sport exchanges between both sides of the strait, that people from all walks of life in Taiwan should understand and observe with a new concept the changes which have been taking place on the mainland in recent years. They have also put forward many concrete proposals. Provided that these proposals are conducive to the reunification of the country and national rejuvenation, they should be affirmed and welcomed. As for the differences between each other's ideologies and concepts of value, a mutual understanding can be reached according to a common understanding, namely, "seeking common ground on major issues while reserving differences on minor ones."

Only by Thoroughly Discarding the "Legally Constituted Authority" Can It Extricate Itself From the Predicament of Self-Isolation Internationally [subhead]

The so-called question of the CPC trying by every possible means to isolate Taiwan internationally has also been considered an "old concept." In fact, everyone knows that there is only one China in the world, that Taiwan is a province of China, and that there is only one central government in China. To the international community, only the PRC can represent China or have the principal qualification of international law. In the international community, the PRC adheres to the principle of one China and the stand that China is the only legitimate government; so it cannot allow Taiwan to participate in any international organizations and activities in the name of the "Republic of China." This is entirely just and reasonable and is in the fundamental interests of the people on both sides of the strait. It is precisely the Taiwan authorities themselves who have isolated Taiwan in the international community. Internationally, they persist in using the name, "Republic of China," and obstinately keep up appearances as the "legally constituted authority." In truth, they have created "two Chinas" and isolated themselves. Take as an example the Asian Development Bank, which is an international organization. Since the PRC has become a member of that organization, it is absolutely impossible to allow Taiwan to remain in the Asian Development Bank as the "Republic of China." Otherwise, a situation of "two Chinas" will be created. It is believed that all far-sighted people in Taiwan do not want to see such a situation. The fact that the Chinese Government has agreed to let Taiwan stay in the Asian Development Bank under the name "Taipei, China" amply shows that it

is not in keeping with fact to say that the CPC has "intentionally isolated Taiwan." It is the same in the case of participating in the International Olympic Committee. Therefore, only when Taiwan genuinely adopts a new concept conforming to the objective reality, thoroughly discards the burden of "legally constituted authority," and no longer uses the name "Republic of China" will it be possible for Taiwan to maintain its seats in some international organizations in the capacity of China's Taiwan province and to take part in some international activities.

Otherwise, it will only create a situation of "two Chinas" or "one China, one Taiwan" and embark on the road of increasing isolation.

Ministry Further Eases Curbs on Mainland Visits
OW2505122688 Beijing in Mandarin to Taiwan
1500 GMT 24 May 88r

[Text] Taiwan's Interior Ministry recently completed its evaluation of the implementation of the policy of allowing people to go to the mainland to visit relatives during the

past 6 months, and decided to relax restrictions on the types of relatives who may be visited to include those of the "fourth degree of kinship." It has also decided to relax restrictions on government employees and staff of public schools at lower levels to visit relatives on the mainland. The plan will shortly be promulgated for implementation after approval by the Executive Yuan.

According to statistics of the Entry and Exit Control Bureau of the Ministry of Interior's Police Department, since the inception of the mainland visit policy, over 90 percent of the roughly 2,000 cases of unapproved mainland visits involved applications to visit relatives, including first cousins, of the "fourth degree of kinship" or beyond. The new policy will relax restrictions to visit relatives to include those of the "fourth degree of kinship" by blood or marriage. Regarding the controversy over mainland visits by government employees and staff of public schools, the Interior Ministry has only allowed a minor degree of relaxation.

Weinberger, William Clark Arrive for Visit
OW2505181088 Taipei CNA in English
1457 GMT 25 May 88

[Text] Taipei, May 25 (CNA)—Former U.S. Secretary of Defense Casper Weinberger and former Secretary of the Interior and National Security Adviser William Clark called on Defense Minister Cheng Wei-yuan and chief of the General Staff Gen. Hau Pei-tsun Wednesday afternoon.

Minister Cheng exchanged views with them on relations between the Republic of China and the United States and on the current world situation.

Later, they met with Gen. Hau Pei-tsun for a 30-minute discussion.

Weinberger and Clark flew to Taipei at noon Wednesday for a four-day visit at the invitation of Gen. Hau.

During their stay here, they will so call on President Li Teng-hui and Premier Yu Kuo-hua.

Weinberger will give a press conference Saturday before his departure.

Commentary on Asian Democracy, U.S. Diplomacy
OW2505125888 Taipei International Service
in English 0200 GMT 23 May 88

[Commentary: "The Rise of East Asian Democracy"]

[Text] According to a U.S. Department of State official, democracy in East Asia is great, except for one minor headache it poses for U.S. foreign policy-makers: In the old days, when nations such as the Republic of China on Taiwan and South Korea had soft authoritarianism, the United States could settle most problems by approaching the leader in charge, directly. But now that these nations are moving quickly away from soft authoritarianism, dealing with them is a more complex issue, as contact with one leader will not suffice anymore.

This unusual awakening on the part of the American foreign policy establishment was described by Deputy Assistant Secretary of State Stapleton Roy at a conference in Washington on Wednesday [18 May]. Roy spoke on the challenges that lie ahead for U.S. foreign policy in dealing with the Koreans and the Chinese on Taiwan, who have both quickened their pace toward democratization in the past year or two.

Roy conceded that democratic reform will create challenges for our diplomacy in East Asia, because rather than being able to cut clean deals with central figures, we will now have to face the more difficult process of negotiating with leaders directly affected by diverse constituencies and with legislatures asserting a greater role in policymaking.

Mr Roy was right on the money. In South Korea, separation of powers has taken on new meaning as for the first time the president's political party does not control the parliament. President No will be forced to deal in unprecedented ways with an opposition-dominated parliament in Seoul.

In the Republic of China on Taiwan, an opposition group with decades-old roots has sprouted to challenge the majority Kuomintang party in the nation's legislature. Pluralism is taking hold on Taiwan, and President Li Teng-hui must deal with myriad political interest groups before mapping out policies. The same is also true for Premier Yu Kuo-hua, who heads the nation's cabinet.

Mr Roy acknowledged that the United States should not be unwilling to accept this challenge as the price of positive change in East Asian democracies. After all, he said, complicated decisionmaking under democracy is a political process we know at home and which our friends abroad have had to live with for years in their dealings with the United States. Roy summed up the U.S. attitude when he said that they welcome without reservation the democratic transitions occurring, which will provide a more stable long-term basis for friendly and cooperative relations between Americans and the peoples of East Asia.

He cited another example in dealing with the Philippines. He remarked that dealing with Manila on the issue of military base agreements is now complicated by the democratic process in that country.

All this makes for interesting conversation, especially since East Asians have always been perplexed by the complexities of the American political process. To wish the same system on East Asia is a rather dubious exercise, in light of the fact that Roy and other Americans have trouble disguising their belief that such a system is inefficient, inconsistent, and baffling to insiders as well as outsiders.

But, as Roy also hinted throughout his speech, that is life under democracy. It goes back to what Churchill once alluded to: Until a better system is found, democracy will just have to do. And [words indistinct] doing in East Asia these days, and not too badly thus far.

Li Teng-hui Says Rioters Should Be Punished
OW2505175988 Taipei CNA in English 1700 GMT
25 May 88

[Text] Taipei, May 25 (CNA) — President Li Teng-hui said Wednesday that the riot leaders of the "May 20" incident should be punished according to the law.

President Li made the remarks at a weekly meeting of the Kuomintang's [KMT] Central Standing Committee in his capacity as acting chairman of the KMT after hearing a report on the May 20 incident by Chao Shou-go, director of the Social Affairs Department of the KMT Central Committee.

The president said that the government should strictly enforce the law so as to maintain the security of society and peaceful living conditions for the people of the nation.

He also paid tribute to all the policemen who were responsibly executing their official duties during the incident and expressed concern and special regards to those policemen who were injured in the riot.

Commentary on Need for New Farm Policy
OW2505135188 Taipei International Service
in English 0200 GMT 24 May 88

Station commentary: "The Need for New Farm Policy"]

[Text] Protests by farmers over the weekend in Taipei have magnified the need for a new farm policy in the Republic of China on Taiwan. Thousands of farmers converged on Taipei to march in the street in support of increased rice subsidies, farm insurance program, and other farm support programs.

The protest turned violent when mobs got out of control outside the national legislature. Protesters tried to cross the gate but were forced back by water cannons. Later, the protesters rampaged in nearby streets, tearing up parking meters and wrecking phone booths. There were some 120 arrests made, but police found out farmers were, by and large, not among those detained. It turned out most of those who turned violent were stragglers who showed up to incite the farmers. Police now know that many of them are repeat offenders. Unfortunately for the farmers, the violence may somewhat distract public opinion on the farm issue, but it has not really helped relax the farm problem.

As an agricultural specialist who was a farmer himself, President L. expressed strong disappointment about the violence. But he also ordered an extensive review of farm policy. The president said it was pertinent that farmers get a fair shake as compared to workers in the industrial and service sectors. The president is also concerned that farmers may have been neglected in recent years as Taiwan has entered an important period of industrial transition which has captured most people's attention, apparently at the expense of the farmers.

The problem looms potentially large as farmers still make up nearly 20 percent of the population on Taiwan. That is a high percentage contrasted with other developed states such as the United States, where the farm population is 4 percent of the total. Many of the problems in farming today exist because of the rapid industrialization that occurred on Taiwan. Just 25 years ago, Taiwan was an agriculturally based society. Farming accounted for more than 60 percent of the GNP. Today, the contribution of farming to GNP has fallen by two-thirds, yet the society's farming roots are still very much in place as almost every family has at least some members still living and working in rural areas. In recent

months, farmers said that they have been hurt by cheap imports of poultry and foods, largely from the United States. They also asserted that they are in dire need the type of labor insurance program that workers now enjoy. The government is currently in the midst of a 6-year agricultural promotion campaign that is, in part, testing new benefits for rural farm workers. Officials have asked farmers to be patient until a new policy can be studied and implemented during this period of economic transition on Taiwan. There is one thing that farmers are sure to count on in the long run—the sympathy of President Li Teng-hui, a farm boy who made good in the big city. President Li's most outstanding career achievements were in agricultural development in the sixties and seventies. If farmers can present their case peacefully, they are sure to win not only the president's sympathy, but also the public at large. After all, it was not that long ago that everyone was a farmer on Taiwan.

Editorial on Handling Mainland Affairs
OW2505155588 Taipei CHINA POST in English
17 May 88 p 4

[Editorial: "Dealing With Mainland Affairs More Effectively"]

[Text] In view of the growing people-to-people contact between Taiwan and the mainland and of the recent changes in the situation between the two sides of the Taiwan Strait, some people have suggested that a ministerial-level agency be created to deal with affairs concerning the mainland. This suggestion deserves to be seriously considered.

In recent years, major changes have taken place both on the mainland and in Taiwan. The Peking regime has adopted a less restrictive policy toward the outside world in order to accomplish its modernization goals. In Taiwan, changes have been quick and drastic because of rapid economic development. Last year, the government launched a series of liberalization measures, resulting in greatly increased democracy and social openness. Although there have been some side effects, our society has become more vigorous and vibrant.

The lifting of the ban on trips to the mainland, in particular, has intensified the local people's interest in the mainland. Many of those who came to Taiwan from the mainland in the late 1940's have traveled to their native places to visit families and relatives.

What's more, some local businessmen, eager for new markets, have engaged in trade with their mainland counterparts through other countries and territories. Such indirect trade has surged in recent years owing to rising protectionism in the Western world.

Last Thursday, a Mainland Chinese Jetliner was diverted to Taiwan by two youths seeking freedom and a better life while on its way from amoy to Canton. The Republic of China [ROC] authorities permitted the

Boeing 737 to leave six hours after it landed in Taiwan. The plane later arrived in Canton with all passengers safe and sound. The dispatch with which the ROC government reacted to the incident has won much praise.

The stopover of the plane, however, may be the beginning of a series of problems. For one thing, it may trigger similar freedom-seeking attempts by people on the mainland. If this turns out to be the case, what attitude should the government assume toward such incidents?

The recent changes in the situation between Taiwan and the mainland have generally been in our favor. The more contact there is between the people on the two sides of the strait, the better informed people on the mainland will be about the real conditions in Taiwan, and the easier it will be for the ROC to influence developments on the mainland.

It can be concluded that the government must have a more positive, consistent and powerful policy toward the mainland in order to create an even more favorable position for the ROC.

A ministry or agency similar in status, therefore, should be established to study and deal exclusively with mainland affairs. This would lead to the formation of a more unified and comprehensive mainland policy to facilitate decisionmaking regarding mainland affairs. It will also enable the government to respond more promptly and effectively to unexpected events like the Mainland Chinese jetliner's incident.

Legislators Urge Stop to Rewards to Defectors
OW2505131788 Taipei CHINA POST in English
18 May 83 p 12

[Text] After years of hushed complaints, five legislators yesterday demanded that authorities stop luring Chinese Communist defecting pilots by with millions of new Taiwan [NT] dollars worth of gold.

In an interpellation directed at the Legislative Yuan, the legislators charged that the 29-year-old practice of offering rewards of gold for planes has "not only created social injustice but also distorted the meaning of freedom."

Legislator Chang Chun-hsiung said cash rewards for defecting pilots are no longer necessary since the tension across the Taiwan Strait has eased with the government approval of family visits to Mainland China.

He said the government would do enough if it provides the defectors with living and job arrangements.

Since January 1950, 15 pilots have been awarded gold for flying 12 military aircraft from Mainland China to Taiwan or South Korea.

The interpellation came amid loud public criticism against Colonel Li Hsien-pin, a former Red Chinese Air Force pilot who defected to Taiwan on Nov. 11, 1965.

Li, who pocketed half of a 4,000-ounce gold reward for flying to Taiwan a Russian Il-28 jet bomber, petitioned the legislature last week for the rest of the reward which went to two crewmen he brought to Taiwan.

He claimed the two, a navigator and a gunner, had no intention to defect so they did not deserve the gold. If the government made up his reward, he added, he would distribute it to orphanages and old people's homes.

Li, 51, lives in Taipei with his Taiwan wife and two sons on his NT\$50,000 monthly pay. Though he denied it, Air Force sources said he had bought three houses and receives extra subsidies because of his background.

However, some defectors maintain that while a few of their number do live in luxury, most others work hard and cherish the freedom they have sought.

"You have got to name those who are corrupt, but you can't defame all of them just because one is bad," said Fan Yuan-yen, a Mainland Chinese pilot who arrived here in a MIG-19 fighter in 1977.

Shao Hsi-yen, a 1961 defecting pilot, said the government is responsible for pampering these pilots.

"Instead of assigning them strict workloads, the government gave them gold. Many defectors did not come for gold, but authorities never treated them from a humanitarian point of view. They thought money could solve all problems," the JOURNALIST weekly quoted him as saying.

According to the JOURNALIST, Li was not the first "freedom seeker" to seek a larger cash reward.

The Seoul Six, five men and one woman who on May 15, 1984 hijacked a mainland passenger plane to South Korea, also demanded a reward after the government gave each an apartment and a job. Insistent haggling brought them NT\$2.5 million each.

Li told the JOURNALIST that he petitioned for a full reward party under the influence of another defecting pilot, Hsiao Tien-jun.

Hsiao, who crash-landed a light bomber in South Korea on Aug. 24, 1985 killing a fellow pilot, received 3,000 ounces of gold after Seoul handed him over to Taipei. But he grumbled to Li that the other 3,000-ounces reserved for the dead pilot should be released to him, the weekly said.

Lack of specialized skills and high living standards have turned some defectors into mere propaganda tools who can only make public speeches, critics have said. To merge them into the society, the government has to force

them to go to college as the basis for future promotion. Those who refused to go, like Li Hsien-pin, "grumble about lack of promotion on their heaps of gold," the critics said.

After the press reported Li's petition, many citizens have written to newspapers criticizing the cash reward system, charging that it has "corrupted" the defectors.

One defector told a magazine that several defectors he knew do not have to work. They kill time at the mahjong table, in dance halls and bars "because they have more gold than they can spend."

In a recent opinion poll of 623 persons in Taipei area, one of Taiwan's two leading dailies, the UNITED DAILY NEWS (UDN), found 26.3 percent opposing the cash reward and 23.8 percent favoring its abolition.

Just over 14 percent said the gold reward system should be retained.

Some respondents argued that giving gold to defecting pilots is an insult to some 200,000 old soldiers who followed late President Chiang Kai-shek to Taiwan in 1949.

"The veterans had more loyalty for and faith in the anti-communist cause than the 'freedom seekers.' Yet the difference in their treatment is like day and night," legislator Huang Chu-wen said before the lawmaking body.

State Enterprises Not Importing From Mainland
OW2405070388 Taipei CNA in English
0316 GMT 24 May 88

[Text] Taipei, May 24 (CNA)—The Republic of China's state-run enterprises will never import energy resources and other raw materials from the Chinese mainland, even if they are much cheaper than those produced in other countries, Ministry of Economic Affairs officials said Monday.

The officials remarks came amidst rumors that indirect trade between the two sides of the Taiwan Strait continues to rise.

Some local and foreign trading companies have long eyed the purchasing potential of the nation's government-run enterprises and have approached them with indirect trade propositions.

Such state-run enterprises as the China Steel Corporation, the Chinese Petroleum Corporation, and Taiwan Power Company [Taipower], however, have responded coolly to the businessmen's proposals.

Even though the Chinese mainland is blessed with abundant natural resources, it can not guarantee stable supplies, the officials said.

Taipower and China Steel Corp. together import 15 million metric tons of coal annually and Chinese Petroleum Corp. daily imports 350,000 tons of crude oil.

Extradition Treaty With South Africa Announced
OW2505142088 Taipei CNA in English
0258 GMT 25 May 88

[Text] Taipei, May 25 (CNA)—President Li Teng-hui Tuesday promulgated the extradition agreement between the Republic of China [ROC] and South Africa, which took effect Tuesday.

ROC Justice Minister Shih Chi-yang and South African Minister of Law and Order H.J. Coetsee [title as received], on behalf of their respective governments, exchanged the agreements instruments of ratification in a ceremony at Cape Town Tuesday, the Foreign Ministry said.

The agreement was signed on December 30, 1987 by ROC Foreign Minister Ting Mou-shih and South African ambassador to the ROC C.C. Prins in Taipei on behalf of their respective governments.

The agreement has 23 articles governing the extradition of criminals between the two countries.

State Firm Stops Sending Tankers to Gulf
OW2505131888 Taipei CHINA POST in English
18 May 88 p 12

[Text] The state-run Chinese Petroleum Corp. yesterday said it will not send its own oil tankers to the Gulf for the time being because of missile attacks against tankers by Iran and Iraq.

The decision came after Iraqi jets fired missiles at the world's biggest tanker, the Seawise Giant, in the Gulf late Friday, killing more than a dozen seamen aboard, including a chief engineer from Taiwan.

A CPC official said the state-run enterprise will rent foreign tankers to ship oil from the Middle East through the Yangming Marine Transport Corp.

The CPC imported about 350,000 barrels of crude oil and 60 percent of the oil came from the Middle East.

In related news, a Taiwan third officer and a chef of the Seawise Giant arrived yesterday at the Chiang Kai-shek International Airport from Dubai at around 2:45 p.m.

Eight Taiwan seamen were saved from an inferno on board the supertanker after the missile attack. The two who have returned to Taipei were identified as Wu Hsiao-lung, the third officer, and Wang Hsiao-ping, the chef.

Singapore's Expulsion of U.S. Diplomat Viewed
OW2005113588 Taipei International Service
in English 0200 GMT 18 May 88

[Station commentary: "Singapore Gets Tough"]

[Text] Little David in Singapore is taking on a friendly Goliath in the United States. They are not doing too badly at all. Where sovereignty is concerned, Singapore stands tough. Much to the Americans' dismay, it seems.

The most recent case concerns the expulsion of an American diplomat from Singapore. The government of Prime Minister Lee Kuan Yew charged the diplomat with engaging in activities inconsistent with his diplomatic status.

That's diplomatic jargon. The real charge against him was that he had purposefully tried to incite antigovernment opinion among opposition lawyers in Singapore. Another charge says that the diplomat was interfering in Singapore's politics by trying to persuade people to form an opposition party.

Naturally, the Americans have publicly denied it. But yesterday Singapore officials shot another volley by saying that the United States has asked Singapore to cover up the facts about the diplomat's activities.

For most observers, the friction between Singapore and the United States is downright weird. After all, Singapore is a long-time U.S. friend, and to boot, Prime Minister Lee just returned from a successful visit to Washington. So, why the fuss out of the Singaporeans? Why risk alienating their American trade and security benefactor? The answer, if any exists, can be traced to a long series of unhappy events having to do with the foreign media in Singapore.

Over the past 2 years, the Singapore government has banned or sharply cut the distribution of such biggies as the **ASIAN WALL STREET JOURNAL**, **TIME**, and **FAR EASTERN**

ECONOMIC REVIEW. Each time, the government has accused journalists of either meddling in Singapore's domestic affairs or of libeling the government.

Prime Minister Lee boldly talked about the problems when he appeared before the annual convention of the American Society of Newspaper Editors last month in Washington. Lee minced no words in telling the editors that the American theory of the press as the fourth estate has fermented bloodshed and turmoil in the developing world. Lee attributed this to his assertion that American style of journalism is not always a suitable standard for other cultures. More often than not, Lee said, American journalism is a destructive influence that hurts other societies.

Lee specifically mentioned the racial issue in Singapore. Unity in Singapore had been hard won as Malays, Chinese, and others make theirs the best of an interracial society in such a small area. But Lee asserted that foreign journalists are always trying to create schisms between the various races and ethnic groups in Singapore. To that, Lee gave the editors a resounding warning: Yankee journalism stay out.

For the most part, Chinese on Taiwan would agree with Prime Minister Lee. Americans tend to go overboard in their belief that their systems, including journalism, are necessarily suitable for the people of other cultures to adopt. This simply is not so. The trouble with Singapore these days is to dare to speak its mind to an old friend who is getting too nosy and stepping on the little guy's sovereign toes.

But in asserting their sovereign right, the Singaporeans will have to keep in mind certain political and trade realities. The United States is more a benefactor than a burden to Singapore or to any of the other small East Asian capitalist societies for that matter. Perhaps Singapore needs to think twice before playing diplomatic chicken with Uncle Sam.

Hong Kong

Britain's Howe To Calm 1997 Fears on Visit
HK2605091788 Hong Kong SOUTH CHINA MORNING POST in English 26 May 88 p 1

[By David Wallen in London]

[Text] British Foreign Secretary Sir Geoffrey Howe will try to reduce fears over 1997 and convince people in Hong Kong that the Basic Law draft is better than could have been expected during his visit next week.

Sir Geoffrey leaves London today for the Philippines where he will hold talks with President Aquino and Foreign Minister Raul Manglapus before flying on to Hong Kong on Sunday.

His visit to Manila is designed to demonstrate the British Government's support for Mrs Aquino and the Philippine democracy, although their Foreign Secretary will also discuss trade and investment in the country.

His main task in Hong Kong, where he will stay with the Governor, will be to counteract criticism of the draft Basic Law. He will argue that its provisions are strong enough to make sure that Hong Kong maintains true autonomy.

Some of the criticism has irritated the British Government and Sir Geoffrey. One very senior Whitehall source described the agreement with Beijing as "little short of miraculous".

He will stress that the draft Basic Law is better than could have been expected and follows very closely to the undertakings given by China when the original agreement was reached in 1984.

He will especially point out sections in the Basic Law allowing the territory to continue its capitalist economy, including a low tax policy and a balanced budget, all designed to reassure foreign investors that their money will be safe in the territory.

Worries have been expressed by a number of Hong Kong sources that Whitehall's relationship with Beijing looks too cosy. The same people are bound to feel that Sir Geoffrey is acting as China's salesman.

The sources acknowledge that the draft provides for a constitution which will be more democratic than anything Hong Kong has so far known under British rule.

They also accept that the powers of the new chief executive, who will be answerable to Beijing, will be no greater than those of the existing Governor.

The difference, they say, is that Britain has proved itself over the last century to be a benign, if authoritarian, administrator. They are unwilling to make the same assumption about Beijing.

Although Sir Geoffrey will visit one of the Vietnamese refugee camps during his stay, there seems little chance of any major initiative by the British Government on the problem.

PBC Considers Body To Monitor Local Holdings
HK2605090388 Hong Kong HONGKONG STANDARD in English 26 May 88 p 1

[By David Wong, China Editor]

[Text] The Chinese government is considering setting up a watch-dog unit under the XINHUA NEWS AGENCY to monitor the mainland's ever-expanding enterprises in Hong Kong.

The move comes as mainland money and manpower pour into the territory at an unprecedented rate, amid allegations of misconduct and damaging effects on the local economy.

China has overtaken the United States as the biggest foreign investor here, with its stake now estimated at well over US\$6 billion (about HK\$48 billion), and it now has about 4,000 people stationed here.

To monitor this massive influx, plans are afoot to expand the Economic Affairs Department of XINHUA's Hong Kong branch, but no decision has yet been made on the number of additional staff to be brought in, Chinese sources say.

A top-level delegation from China will also visit Hong Kong later this month to investigate the operations of the China-funded enterprises here.

China's investment, which began to grow as economic reforms accelerated in the past few years, has swollen to a flood since the 13th Communist Party congress last October.

Economic analysts estimate that the number of mainland enterprises here multiplied 20-fold in the past 12 months, and will continue to grow as a result of more liberal trade policies introduced by the Chinese Government this year.

Chinese sources told THE STANDARD that the central government was well aware of the rapid increase in the number of Chinese companies in Hong Kong, but dismissed any suggestion that the situation had got out of control.

They did not rule out, however, the possibility that there could be misconduct or corrupt activities among some of the Chinese officials.

"It is unimaginative to say that we don't have corruption or misbehaviour among more than 4,000 people stationed here," a source said.

"That's the reality we have to face with when the country embarks on an open-door policy with the introduction of a market and commodity economy."

While this will be one of the new watchdog's responsibilities, sources said the main objective would be to establish whether the injection of mainland funds had damaged the Hong Kong economy.

This issue was raised by a Hong Kong deputy to the Chinese People's Political Conference (CPPC). Mr Tsui Szeman, who delivered a broadside at a CPPC meeting in Beijing last month.

He accused some Chinese companies of not operating according to local economic rules and disrupting the local market.

His speech drew the attention of the Chinese leaders, and Premier Li Peng invited him for a personal talk.

Mr Tsui said yesterday he had learned that a top-level delegation from China would be sent to Hong Kong to investigate the operations of mainland enterprises here.

The investigation team will also examine alleged problems of blind investment, damaging conduct and embezzlement by mainland officials working in the Chinese enterprises.

Mr Tsui said the delegation members would come from the Institute of Economics under the State Council, the think tank that provides the council with expert advice.

"They are financial and economic experts specialising in Hong Kong's economy," Mr Tsui said.

Meanwhile, the top Chinese leadership has ordered a fullscale fight against corruption within the party and government departments of the mainland, according to the latest issue of OUTLOOK weekly.

The magazine is noted for its authoritative access to top Chinese leaders, including paramount leader Deng Xiaoping.

It said: "Chinese society has undergone a great transformation in the development of the market and commodity economy in recent years, but corruption, some of which has been very serious, has also been found to exist in leading party and government circles."

Paper Details PRC Local Business Holdings
HK2603091188 Hong Kong HONGKONG STANDARD
in English 26 May 88 p 11

[First of a Three part series on "China, Inc.:" "Hong Kong's New Business Partner" by Fan Cheuk-wan, Chan Wai-fong, and Tammy Tam]

[Text] An all-embracing "red tide" of Chinese investment from the mainland is surging across the horizons of local economy following the acceleration of economic reforms of the country.

This has had a direct impact on the local business sector which has been undergoing a tremendous transformation over the past few years with the flood of mainland enterprises following the 13th Party Congress last October.

And China has overtaken the Americans to top the list of foreign investment in the territory with an estimated investment of well over US\$6 billion (about HK\$48 billion).

Some political analysts have attributed the phenomenal growth of Chinese investment here to political motives by the Chinese government in preparing for the transfer of power in 1997.

But local Chinese officials dismiss such a suggestion, emphasising that the main reason behind the influx of the "red capitalists" terms primarily from the implementation of the open-door policy. The delegation of power from the central government to provincial and local authorities in their drive for making profits, has accelerated the pace of investment here.

The influx could be traced back to 1980, two years after China declared its open-door policy to lure more investment into the country, when mainland enterprises began to extend their business across the border. But the high tide of Chinese investments has risen to a crescendo since the 13th Congress when the Chinese Communist Party approved a blueprint to further speed up its economic reforms.

A specialist in Chinese economics at the Asian Studies Centre at Hong Kong University, Dr Thomas Chan Man-hung told THE STANDARD about 3,000 mainland enterprises have their headquarters or branches set up here, compared to only a few dozen in 1979.

The most astonishing development has taken place in the past year. Local economics analysts estimated the number of mainland enterprises had multiplied by more than 20 times in just 12 months.

But the official ECONOMIC INFORMATION in China states there were 95 mainland enterprises here by the end of March last year.

According to Dr Chan, China has already replaced the United States to become the largest foreign investor here. Hong Kong is the largest trading partner with China.

Not only does the dramatic increase in the number of mainland enterprises alarm the local economic sector, their "pace of expansion and aggressive approach" has also shocked local businessmen.

The Chinese investments have penetrated into every sector of local commercial, property, hotel, construction, travel and many other public works projects, which go beyond their traditional orbit.

Aggressive activities of the China International Trust and Investment Corporation (CITIC), Bank of China Group and the China Everbright Holding Co in the past two years have surged to lead the "red tide".

Some Chinese officials observed that the driving force behind the "red tide" was liberated from the change of ideological concepts on the mainland.

While profit-making is no longer regarded as a "sinful and decadent" ideology as defined under orthodox Marxism, mainland enterprises are in a race here for pursuing profits—a cardinal principle of capitalism.

China's top official in Hong Kong, Mr Xu Jiatusun, has openly urged Chinese officials to learn the merits of Western capitalism on three different occasions this year.

Mr Xu remarked: "We must learn the basic capitalist principle of making a ten-thousand-fold profit out of a single capital investment."

Actually, it could be claimed the chief architect behind the "red tide" is China's paramount leader, Deng Xiaoping—the prime mover behind the country's economic reforms.

The first step was taken in 1980 when China began its foreign trade reforms which granted limited right to local authorities to participate in some categories of foreign trade.

This resulted in bringing in about 12 new representative companies here from provinces, municipalities and autonomous regions from different parts of China. More branches were set up later.

At this stage, it was recorded that there were about 300 mainland enterprises here.

After Mr Deng consolidated his open-door and special economic zone policies during 1981 to 1983, another "red tide" swept across the border on a bigger scale because of the decentralisation of the controls over foreign trade by the central government. This broke the

monopoly enjoyed by the Ministry of Foreign Economic Relations and Trade, and allowed provincial and local authorities to have more say over resources for export and import.

But it is obvious that the biggest onslaught has come after the liberalisation policy last year resulting in an additional 3,000 Chinese companies here. And this figure is said to be growing month after month.

More liberal foreign trade policies were promulgated in March this year, delegating virtual autonomy to provincial and local enterprises in their pursuit of business in accordance with the free market economic operations.

Foreign trade enterprises are empowered to make their own export plans, handle their own financial affairs, decide what products to export and make their own decisions on personnel matters. They are allowed to retain 70 percent of their foreign currency earnings.

Minister of Foreign Economic Relations and Trade, Mr Zheng Tuobin, announced last month that his ministry would further decentralise powers to local levels to import and export light industrial goods, arts, crafts and garments.

Hong Kong has become a natural choice for these state enterprises because of its proximity, and more importantly, the much-boasted "profit-making" image of the territory.

The role of Hong Kong to bridge the political barrier between the mainland and Taiwan is another boost to Chinese enterprises here, with the relaxation of visits between the two places.

Taiwan traders and their mainland counterparts are converging in the colony for their profitable "indirect trade."

Given the economic and political considerations, the future looks even brighter for the setting up of Chinese companies here under China's current policy that strives for more openness and acceleration of its reforms.

More Balanced Trade Expected With Taiwan
OW2605045288 Beijing XINHUA in English
0149 GMT 26 May 88

[Text] Hong Kong, May 26 (XINHUA)—A Hong Kong trade official has urged Taiwan to further open its market, leading to a more balanced trade with Hong Kong.

Jack So, executive director of the Hong Kong Trade Development Council (TDC), said that two-way trade between Hong Kong and Taiwan has grown tremendously in recent years. Between 1982 and 1987, the total value of bilateral trade was more than doubled, with the 1987 figure amounting to over 5,821 million U.S. dollars.

So was speaking in Taipei yesterday after signing ceremony for the appointment of the Quanta Group as TDC's Taiwan consultant, according to a press release by TDC here.

So said traders in Taiwan are welcome to further expand the Hong Kong market. Nonetheless, he hoped Taiwan would also continue opening its market, contributing to a more balanced trade between Hong Kong and Taiwan.

Taiwan is Hong Kong's fourth largest trading partner, accounting for 6 percent of Hong Kong's total external trade.

Imports from Taiwan account for over 70 percent of the total, and Hong Kong's exports to Taiwan take a mere 5 percent, while re-exports to Taiwan via Hong Kong take up a share of more than 20 percent. As a result, Hong Kong's trade deficits with Taiwan stood at over 2,726 million U.S. dollars in 1987.

So also said that the appointment of the Quanta Group as its Taiwan consultant will assist the TDC to further promote bilateral trade and forge closer business links between Hong Kong and Taiwan.

TDC has planned to step up promotional activities in Taiwan, including organizing Hong Kong business groups to participate in Taiwan trade fairs and staging product promotions at leading Taiwan department stores.

Police Seize Antiques Smuggled From Mainland
OW2505151988 Beijing XINHUA in English
0057 GMT 25 May 88

[Text] Hong Kong, May 25 (XINHUA)—Hong Kong police have seized a large quantity of smuggled antiques worth millions of dollars from a cargo vessel, according to the police department.

Twelve people aged between 20 and 61 were arrested during the operation Monday night.

The large consignment consists of 275 items, including figurines, pottery, vases, copper mirrors and seals. After preliminary examination by experts, it was believed the antiques date back to Tang Dynasty (618-907), Han Dynasty (206 B.C.-220), and even Qin Dynasty (221 B.C.-207 B.C.).

The cargo vessel began its journey from Guangzhou, capital of Guangdong Province, south China, and was destined for east Guangdong via Hong Kong.

Captain Yu Yongle, one of the 12 detained, said that they were entrusted by a Hong Kong person to ship the antiques from Guangzhou to Hong Kong.

Local newspapers reported that the seized antiques are worth more than 200 million Hong Kong dollars (25.6 million U.S. dollars) though they need further appraisal by experts.

Following an agreement between Hong Kong and Guangdong Province, the antiques seized here, which date back to the period earlier than Qing Dynasty (1644-1911), should be returned to the mainland, according to the local police.

The case has been handed over to the Customs and Excise Department for further enquiries.

Macao

Portuguese President Not To Visit While in Region
HK2605091388 Hong Kong HONGKONG STANDARD
in English 26 May 88 p 1

[By Eddie Farr in Macao]

[Text] Portuguese president Mario Soares will bypass Macao during his five-day visit to Asia next month.

He will meet Macao governor Carlos Melancia in Bangkok after a three-day official visit to Manila.

The meeting will follow Mr Melancia's first official visit to Beijing. The two were scheduled to meet in Manila, but Mr Melancia will now fly directly to Bangkok from his four-day stay in the Chinese capital.

President Soares' decision to omit Macao from his visit to the Far East comes against a back-ground of reported rifts in the Macao administration and the long-running Telefusao de Macao (Tdm) scandal.

Official sources quoted by the Portuguese newsagency LUSA say Mr Soares will avoid going near Macao because of the political situation in the territory provoked by the Tdm scandal.

Two of the station's executives have been arrested, and numerous people are being questioned by Judge Jose Manuel Celeiro who is holding an inquiry into the company's affairs.

Judge Celeiro is in Portugal interviewing two former Tdm administrators, Mr Miranda de Andrade and Mrs Maria de Belem. He is also reported to be speaking to former Macao under-secretary Uuno Delerue who was in charge of the troubled station during the Pinto Machado administration.

A fourth person wanted for questioning is Mr Tito de Morais, manager of the Portuguese communications company Emaudio, and partner of press baron Robert Maxwell.

Tito de Morais is said to be in London and it is doubtful he will return to Portugal before Judge Celeiro leaves for Macao.

Mr Maxwell and Mr Morais held talks with Governor Melancia in September last year about the possible purchase of a Chinese channel on TdM.

President Soares' son Jose is a member of the Maxwell Morais group.

Added to the troubled station's problems was the shock announcement yesterday of the resignation of Mr Vitor Sa Franco, official receiver appointed by mr Melancia to wind-up the station's affairs:

Mr Franco, who was appointed on February 2, said his resignation was due to, "the lack of support received from the Macao administration.

Mr Franco also claimed he notified the under-secretary for Economic and Financial Affairs, Mr Galhardo Simoes on numerous occasions that more manpower and technical resources were needed.

He said in his resignation that he could no longer continue in the post because he failed to receive a reply.

An official statement from the governor said Mr Franco's resignation would be accepted once a substitute was found.

The governor is to employ an auditing company to continue the liquidation of TdM, because Mr Franco has refused to sign any TdM cheques since Monday.

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